

**HAMBURG BOROUGH SCHOOL DISTRICT**

**Hamburg Borough Board of Education  
Hamburg, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**HAMBURG BOROUGH SCHOOL DISTRICT**

**Hamburg, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by**

**Hamburg Borough Board of Education  
Business Office**

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INTRODUCTORY SECTION

# Hamburg School District

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Hamburg, New Jersey 07419

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Mr. Roger A. Jinks, Jr.  
*Chief School Administrator*

Mr. William J. Sabo  
*Business Administrator/Board Secretary*

The Honorable President and Members  
of the Board of Education  
Hamburg Borough School District  
County of Sussex, New Jersey

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Hamburg Borough School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statement and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

## 1) REPORTING ENTITY AND ITS SERVICES:

The Hamburg Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Hamburg Borough School District and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 8 as well as special education for handicapped students. The District completed the fiscal year with an average daily enrollment of 272.1 students. Overall, the student enrollment has been relatively flat over the last several years.

The Honorable President and Members  
of the Board of Education  
Hamburg Borough School District  
November 25, 2015  
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## 2) ECONOMIC CONDITION AND OUTLOOK:

The Hamburg Public School District, preschool through grade eight, is located in the north central portion of scenic Sussex County, in the State of New Jersey. It is bounded on the west, north, and east by Hardyston Township and on the south by Franklin Borough. Hamburg Borough, first settled in the early 18<sup>th</sup> century, was formed March 19, 1920 from Hardyston Township. Hamburg Borough is a community of single frame homes situated nicely on shady lanes with a downtown main street and two major routes (94 and 23) intersecting at its center. In recent years, very little construction of new homes has occurred. Recent enrollment trends show a slight decline in enrollment to around 275 students over the past 4 school years which mirrors the decrease of residents in Hamburg Borough from 3,277 residents as of the 2010 Census to 3,193 according to Sussex County population estimates.

With the opening of the school in September 2014, the District had a student population of 271 students in grades preschool through eight. These numbers do not include the population of special needs students that the District must place out-of-district due to the lack of adequate special needs programs. These numbers also do not include the population of students who attend a charter school or the students who are attending choice districts in Sussex County. Rising costs for special needs, charter school students, students in out-of-district placements and transporting students to a choice district are growing concerns. An additional concern that financially impacts the District is the increase in the number of students receiving services as required by the students' IEPs (individualized education plans). These services include, but are not limited to, occupational therapy, physical therapy, and ABA therapy. Finally, the district continues to expend significant money to prepare for the PARCC assessments which will again be implemented in this coming school year by updating the District's network infrastructure, purchasing computers which will be compatible with the test, providing professional development for staff to continue the transition to the Common Core State Standards (CCSS) and update the language arts literacy and mathematics curricular materials to the CCSS.

In reference to the District's budget, the community has been consistently supportive of the District's annual budget. In January 2012, a law was passed [P.L. 2011, chapter 202] that gave the Boards of Education the ability to move the date for the school's annual election from April to the General Election in November. If the Board chose to elect board members in November, the Boards of Education would not have to submit their annual budgets for voter approval, so long as it did not exceed the tax levy cap [presently at two percent]. However, once the school election is moved to November, no action can be taken to move it back to April for four years. On January 31, 2012, the Hamburg Borough Board of Education adopted a resolution to move its school elections to the General Election in November. Going forward, we remain optimistic that once the public is properly informed about the time and effort spent on the formulation of a fiscally responsible school budget and our ongoing efforts to lower costs by participating in shared service agreements, purchasing cooperatives and the analysis of district expenditures, that the public shall remain supportive of the school district budget.

An example of this occurred in FY 2009-10 when the Hamburg and the Franklin Borough Boards of Education entered into an inter-local agreement to share Franklin's Business Administrator with Hamburg. This arrangement allowed Hamburg to reduce its business office expenses [from the prior school year] by over \$30,000 and both boards of education renewed the shared services contract for a five (5) year term, starting with the FY 2013-14 school year. Currently, this shared services arrangement is the only one of its kind in Sussex County.

The Honorable President and Members  
of the Board of Education  
Hamburg Borough School District  
November 25, 2015  
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### 3) MAJOR INITIATIVES:

Hamburg School is a preschool through eighth grade learning community that benefits from having a supportive Board of Education, a concerned parent body, and a hardworking and caring faculty. Historically, we have always done well with our mandated and in-house standardized testing and we are progressively working to increase our students' academic abilities while maintaining a broad variety of co-curricular and extra-curricular activities. This is a direct result of our initiatives that stress time-on task, high expectations for our students' efforts, the orderly teaching of classes and timely feedback for student efforts.

As in the past years, goals and objectives are always set to challenge students to do their best. Goals and objectives have included the areas of Mathematics, Reading, Writing, Science, Social Studies, Physical Education/Health, World Language, Visual and Performing Arts and Computer Science. Our goals for the 2015-2016 academic year are to remain focused on enhanced Language Arts and Mathematics achievement. This includes the hiring of a full-time computer teacher to enhance students' technology skills and introduce S.T.E.M. activities to prepare students for college and career. In addition, major initiatives in curriculum and technology updates are taking place to ensure that Hamburg School students are being prepared with 21<sup>st</sup> Century skills to ready them for high school and college.

In support of our academic programs, we constantly review our textbooks and curriculum for possible revisions and improvements. During the 2014-2015 school year, updated Language Arts Literacy and Mathematics curricular series were implemented to ensure alignment with the state-mandated Common Core State Standards. In the 2015-2016 school year, the science and technology curriculum will be reviewed for consideration as well as curricular revisions relevant to online PARCC testing. The science technology and materials will be updated for the 2016-2017 school year when the state-mandated Next Generation Science Standards will be implemented.

To help support our programs and Professional Development requirements, the faculty and administration participate in local in-service/workshop activities and commercially available in-district and out-of-district professional development workshops. Professional development mandates are in progress for staff to remain in compliance with the 20-hour per year requirement. Additional programs included state-mandated Harassment, Intimidation and Bullying training for all school employees and whole-school pride assemblies. To the credit of the Hamburg students, we continue to support programs for the less fortunate. Our students also participate in the Sussex County Anti-bullying Summit, the Week of Respect, and Kindness Awareness Month.

Aside from academic requirements, our students are also provided with an enriching extra-curricular program that includes a drama society, literary magazine/student newspaper, interscholastic athletic program, academic field trips for all grades and expanded assembly programs.

### 4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

The Honorable President and Members  
of the Board of Education  
Hamburg Borough School District  
November 25, 2015  
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#### 4) INTERNAL ACCOUNTING CONTROLS:

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and agreements.

#### 5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2015.

#### 6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

#### 7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

#### 8) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The New Jersey School Insurance Group oversees risk management for the District. A Schedule of Insurance Coverage is found on Exhibit J-20.

#### 9) DEBT ADMINISTRATION:

At June 30, 2015, the District had \$1,365,000 in outstanding general obligation bonds in connection with a bond referendum for the construction of an addition containing new classrooms, storage space and renovations to the original school building. The addition was completed and occupied in the fall of 2004.

The Honorable President and Members  
of the Board of Education  
Hamburg Borough School District  
November 25, 2015  
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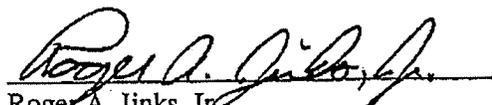
10) OTHER INFORMATION:

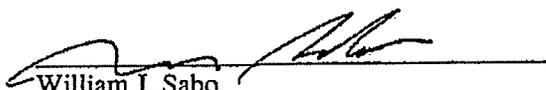
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

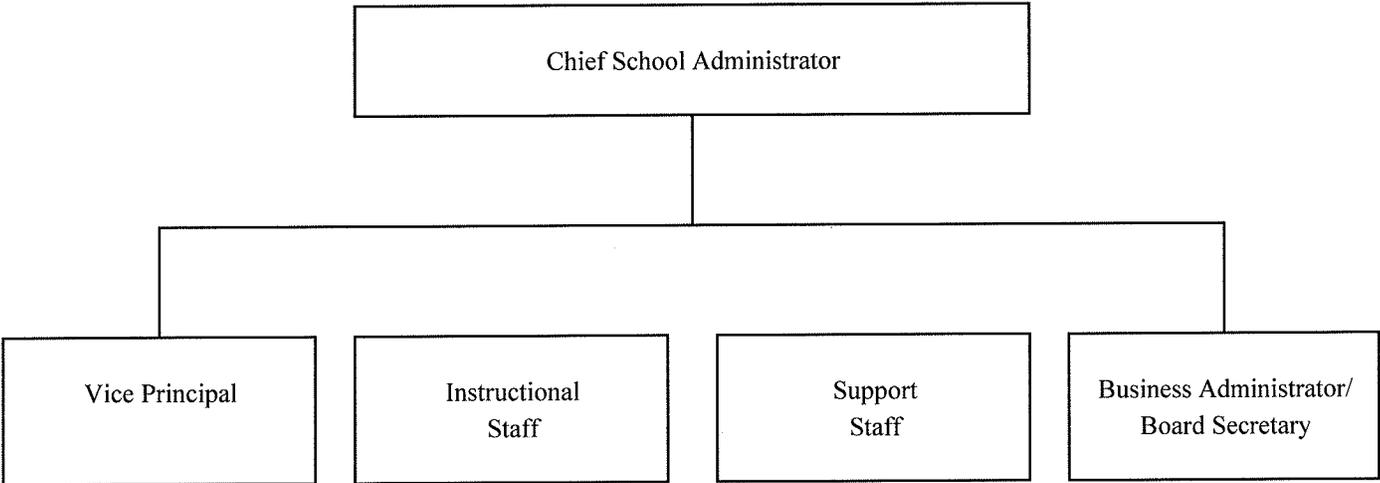
We would like to express our appreciation to the members of the Hamburg Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

  
Roger A. Jinks, Jr.  
Chief School Administrator

  
William J. Sabo  
Business Administrator/Board Secretary

# HAMBURG BOROUGH SCHOOL DISTRICT 2015 ORGANIZATIONAL CHART



**HAMBURG BOROUGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015**

| <u>Members of the Board of Education</u> | <u>Expiration<br/>of Term</u> |
|------------------------------------------|-------------------------------|
| Patricia G. Harby, President             | 2016                          |
| Sheila Frayko, Vice President            | 2016                          |
| Charlotte Ambrose                        | 2016                          |
| Sandra Cunningham                        | 2015                          |
| Brad Carroll                             | 2017                          |
| Bruce Piper                              | 2015                          |
| Mathew Christy                           | 2015                          |
| Robert Jones                             | 2017                          |
| Jennifer Davis                           | 2017                          |

| <u>Other Officials</u> | <u>Title</u>                           |
|------------------------|----------------------------------------|
| Roger A. Jinks, Jr.    | Chief School Administrator             |
| William J. Sabo        | Business Administrator/Board Secretary |
| Amy Maronpot           | Treasurer                              |

**HAMBURG BOROUGH SCHOOL DISTRICT**  
**Consultants and Advisors**

**Audit Firm**

Nisivoccia LLP, CPAs  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey, 07856  
and  
11 Lawrence Road  
Newton, New Jersey 07860

**Attorney**

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Cleary Giacobbe Alfieri & Jacobs  
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Matawan, New Jersey 07747

**Architect**

Parette Somjen Architects, LLC  
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Rockaway, New Jersey 07866

**Insurance Agent**

The Morville Agency  
Public Entity Division  
55 New Sparta Road  
Newton, New Jersey 07867

**Dental Insurance Agent**

Brown & Brown Benefit Advisors, Inc.  
24 Arnett Avenue, Suite 200  
Lambertville, New Jersey 08530

**Official Depository**

Lakeland Bank  
Administration Center  
250 Oak Ridge Road  
Oak Ridge, New Jersey 07438

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Park  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Hamburg Borough School District  
 County of Sussex, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hamburg Borough School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable President and Members  
of the Board of Education  
Hamburg Borough School District  
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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hamburg Borough School District, in the County of Sussex, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 8 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 16 to the basic financial statements.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members  
of the Board of Education  
Hamburg Borough School District  
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The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

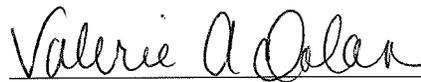
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 25, 2015  
Mount Arlington, New Jersey

NISIVOCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2015**

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

This section of Hamburg Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- Overall revenue was \$7,034,342.
- Overall expenses were \$6,270,074.
- The District's financial position increased \$764,268 over the course of the year on a district-wide basis.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1  
Organization of Hamburg Borough School District's Financial Report**

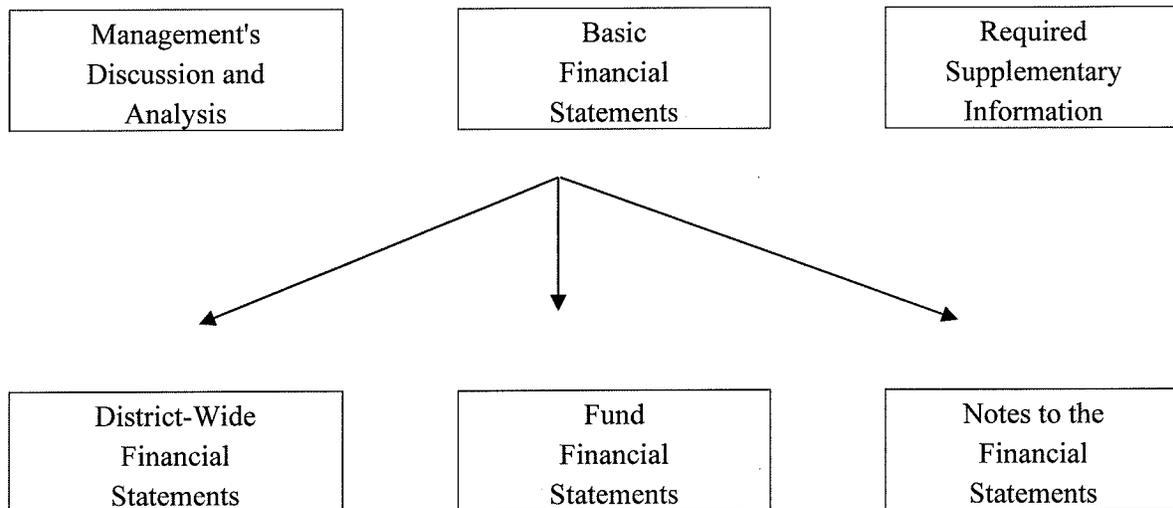


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

Figure A-2

*Major Features of the District-Wide and Fund Financial Statements*

|                                        | District-Wide Statements                                                                                         | Fund Financial Statements                                                                                                                                                        |                                                                                                                                                                                         |                                                                                                                                                   |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
|                                        |                                                                                                                  | Governmental Funds                                                                                                                                                               | Proprietary Funds                                                                                                                                                                       | Fiduciary Funds                                                                                                                                   |
| Scope                                  | Entire district (except fiduciary funds)                                                                         | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance                                                         | Activities the district operates similar to private businesses: food services                                                                                                           | Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities              |
| Required Financial Statements          | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul> |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus                                                                  | Modified accrual accounting and current financial resources focus                                                                                                                | Accrual accounting and economic resources focus                                                                                                                                         | Accrual accounting and economic resources focus                                                                                                   |
| Type of Asset/Liability Information    | All assets and liabilities, both financial and capital, short-term and long-term                                 | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included                | All assets and liabilities, both financial and capital, short-term and long-term                                                                                                        | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                       |
| Type of Inflow/Outflow Information     | All revenue and expenses during the year, regardless of when cash is received or paid                            | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenue and expenses during the year, regardless of when cash is received or paid                                                                                                   | All additions and deductions during the year, regardless of when cash is received or paid                                                         |

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

***District-wide Statements***

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

**Fund Financial Statements**

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

*Notes to the basic financial statements:* The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Position.* The District's combined net position increased \$765,268. Net position from governmental activities increased \$776,119 and net position from business-type activities decreased \$11,851. Net investment in capital assets increased \$376,008, restricted net position increased \$310,571, and unrestricted net position increased \$77,689.

**Figure A-3  
Condensed Statement of Net Position**

|                                   | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                  | <u>Total School District</u> |                     | <u>Percent<br/>Change<br/>2014-2015</u> |
|-----------------------------------|--------------------------------|---------------------|---------------------------------|------------------|------------------------------|---------------------|-----------------------------------------|
|                                   | <u>2015</u>                    | <u>2014*</u>        | <u>2015</u>                     | <u>2014</u>      | <u>2015</u>                  | <u>2014*</u>        |                                         |
| Current/Other Assets              | \$2,425,030                    | \$ 2,073,520        | \$ 17,170                       | \$ 22,623        | \$2,442,200                  | \$ 2,096,143        | 16.51%                                  |
| Capital Assets                    | 5,140,139                      | 4,932,933           | 21,573                          | 22,771           | 5,161,712                    | 4,955,704           | 4.16%                                   |
| Total Assets                      | 7,565,169                      | 7,006,453           | 38,743                          | 45,394           | 7,603,912                    | 7,051,847           | 7.83%                                   |
| Deferred Outflows<br>of Resources | 80,022                         | 59,467              |                                 |                  | 80,022                       | 59,467              | 34.57%                                  |
| Long-term Debt<br>Outstanding     | 2,409,441                      | 1,681,295           |                                 |                  | 2,409,441                    | 1,681,295           | 43.31%                                  |
| Other Liabilities                 | 480,671                        | 462,381             | 5,644                           | 444              | 486,315                      | 462,825             | 5.08%                                   |
| Total Liabilities                 | 2,890,112                      | 2,143,676           | 5,644                           | 444              | 2,895,756                    | 2,144,120           | 35.06%                                  |
| Deferred Inflows<br>of Resources  | 355,707                        | 59,467              |                                 |                  | 355,707                      | 59,467              | 498.16%                                 |
| Net Position:                     |                                |                     |                                 |                  |                              |                     |                                         |
| Net Investment in                 |                                |                     |                                 |                  |                              |                     |                                         |
| Capital Assets                    | 3,775,139                      | 3,397,933           | 21,573                          | 22,771           | 3,796,712                    | 3,420,704           | 10.99%                                  |
| Restricted                        | 1,769,289                      | 1,458,718           |                                 |                  | 1,769,289                    | 1,458,718           | 21.29%                                  |
| Unrestricted                      | (1,145,056)                    | (1,233,398)         | 11,526                          | 22,179           | (1,133,530)                  | (1,211,219)         | 6.41%                                   |
| Total Net Position                | <u>\$4,399,372</u>             | <u>\$ 3,623,253</u> | <u>\$ 33,099</u>                | <u>\$ 44,950</u> | <u>\$4,432,471</u>           | <u>\$ 3,668,203</u> | 20.83%                                  |

\* Restated

*Changes in Net Position.* The District's combined net position was \$4,432,471 on June 30, 2015, \$764,268 or 20.83% greater than the year before. (See Figure A-3).

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

**Financial Analysis of the District as a Whole**

The increase in net position from District-wide activities is due to several factors. Net investment in capital assets increased \$376,008 due to a \$170,000 reduction in debt, \$453,173 in building improvements and equipment purchases offset by \$247,165 in current year depreciation (\$243,113 from its Governmental and \$4,052 from its Business-type activities). Restricted net position increased \$310,571 as a result of \$254,157 for Capital Projects, \$12,650 for Debt Service and \$43,764 for Other Purposes. The increase in Capital Projects was comprised of \$926 of interest earned, \$350,000 transfer to capital reserve by board resolution, \$39,910 transferred from the Capital Projects Fund combined with net transfer for expenditures of \$116,566 and \$20,113 decrease in Capital Projects Funds related to the prior year gym floor replacement. The increase in unrestricted net position of \$77,689 was due primarily to the increase in assigned fund balance and changes in pension liability and assumptions.

**Figure A-4  
Changes in Net Position from Operating Results**

|                                        | Governmental<br>Activities |                   | Business-Type<br>Activities |                 | Total School District |                   | Percentage<br>Change<br>2014-2015 |
|----------------------------------------|----------------------------|-------------------|-----------------------------|-----------------|-----------------------|-------------------|-----------------------------------|
|                                        | 2015                       | 2014              | 2015                        | 2014            | 2015                  | 2014              |                                   |
| <b>Revenue:</b>                        |                            |                   |                             |                 |                       |                   |                                   |
| Program Revenue:                       |                            |                   |                             |                 |                       |                   |                                   |
| Fees for Services                      | \$ 78,620                  | \$ 107,106        | \$ 49,787                   | \$ 52,478       | \$ 128,407            | \$ 159,584        | -19.54%                           |
| Operating Grants/<br>Contributions     | 1,345,751                  | 760,423           | 47,176                      | 44,090          | 1,392,927             | 804,513           | 73.14%                            |
| General Revenue:                       |                            |                   |                             |                 |                       |                   |                                   |
| Property Taxes                         | 4,042,978                  | 3,971,400         |                             |                 | 4,042,978             | 3,971,400         | 1.80%                             |
| Unrestricted<br>Federal/State<br>Aid   | 1,445,473                  | 1,435,187         |                             |                 | 1,445,473             | 1,435,187         | 0.72%                             |
| Other                                  | 24,507                     | 88,642            | 50                          | 54              | 24,557                | 88,696            | -72.31%                           |
| Total Revenue                          | <u>6,937,329</u>           | <u>6,362,758</u>  | <u>97,013</u>               | <u>96,622</u>   | <u>7,034,342</u>      | <u>6,459,380</u>  | 8.90%                             |
| <b>Expenses:</b>                       |                            |                   |                             |                 |                       |                   |                                   |
| Instruction                            | 3,757,742                  | 3,291,008         |                             |                 | 3,757,742             | 3,291,008         | 14.18%                            |
| Pupil/Instruction<br>Services          | 761,280                    | 823,999           |                             |                 | 761,280               | 823,999           | -7.61%                            |
| Administration/<br>Business            | 579,988                    | 553,941           |                             |                 | 579,988               | 553,941           | 4.70%                             |
| Maintenance and<br>Operations          | 653,529                    | 708,532           |                             |                 | 653,529               | 708,532           | -7.76%                            |
| Transportation                         | 109,551                    | 122,289           |                             |                 | 109,551               | 122,289           | -10.42%                           |
| Other                                  | 299,120                    | 287,518           | 108,864                     | 102,648         | 407,984               | 390,166           | 4.57%                             |
| Total Expenses                         | <u>6,161,210</u>           | <u>5,787,287</u>  | <u>108,864</u>              | <u>102,648</u>  | <u>6,270,074</u>      | <u>5,889,935</u>  | 6.45%                             |
| Transfers                              |                            | (10,000)          |                             | 10,000          |                       |                   |                                   |
| Increase/(Decrease)<br>in Net Position | <u>\$ 776,119</u>          | <u>\$ 565,471</u> | <u>\$ (11,851)</u>          | <u>\$ 3,974</u> | <u>\$ 764,268</u>     | <u>\$ 569,445</u> | 34.21%                            |

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

**Financial Analysis of the District as a Whole**

*Revenue Sources.* The District's total revenue for the 2014-2015 school year was \$7,034,342. (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$4,042,978 of the total, or 57.47 percent. (See Figure A-5). Another 40.36 percent came from state and federal aid for specific programs and general aid, and the remaining 2.17 percent from miscellaneous sources. The Hamburg Borough School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

**Figure A-5  
Sources of Revenue for Fiscal Year 2015 and 2014**

| Sources of Income                    | 2015                | Percentage     | 2014                | Percentage     |
|--------------------------------------|---------------------|----------------|---------------------|----------------|
| State Formula Aid                    | \$ 1,753,445        | 24.94%         | \$ 1,630,170        | 25.24%         |
| Property Taxes                       | 4,042,978           | 57.47%         | 3,971,400           | 61.48%         |
| Federal and State Categorical Grants | 1,084,955           | 15.42%         | 609,530             | 9.44%          |
| Charges for Services                 | 128,407             | 1.82%          | 159,584             | 2.47%          |
| Other                                | 24,557              | 0.35%          | 88,696              | 1.37%          |
|                                      | <u>\$ 7,034,342</u> | <u>100.00%</u> | <u>\$ 6,459,380</u> | <u>100.00%</u> |

*Expenses.* The total cost of all programs and services was \$6,270,074. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (73.82%). (See Figure A-6). The District's administrative and business activities accounted for 9.25% of total costs. The Hamburg Borough School District operates one school building with various offices/out buildings, as well a substantial campus, which results in maintenance costs of 10.42% of total expenses. Other expenses represent 8.26% of total costs and include \$247,165 of depreciation expense related to its capital assets and \$25,071 of transfers to charter schools for student tuition.

**Figure A-6  
Expenses for Fiscal Year 2015 and 2014**

| Expense Category               | 2015                | Percentage     | 2014                | Percentage     |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| Instruction                    | \$ 3,757,742        | 59.93%         | \$ 3,291,008        | 55.88%         |
| Pupil and Instruction Services | 761,280             | 12.14%         | 823,999             | 13.99%         |
| Administration and Business    | 579,988             | 9.25%          | 553,941             | 9.40%          |
| Maintenance and Operations     | 653,529             | 10.42%         | 708,532             | 12.03%         |
| Transportation                 | 109,551             | 1.75%          | 122,289             | 2.08%          |
| Other                          | 407,984             | 6.51%          | 390,166             | 6.62%          |
|                                | <u>\$ 6,270,074</u> | <u>100.00%</u> | <u>\$ 5,889,935</u> | <u>100.00%</u> |

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

***Governmental Activities***

The financial position of the District has increased significantly over the course of the year. Through careful budgeting, the District has managed to maintain programs including extra-curricular activities, in spite of increased special education, salary and fringe benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. It is crucial that the District constantly monitors all expenditures throughout the fiscal year.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instruction services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7  
Net Cost of Governmental Activities**

|                                | Total Cost of Services |                     | Net Cost of Services |                     |
|--------------------------------|------------------------|---------------------|----------------------|---------------------|
|                                | 2015                   | 2014                | 2015                 | 2014                |
| Instruction                    | \$ 3,757,742           | \$ 3,291,008        | \$ 2,600,596         | \$ 2,707,022        |
| Pupil and Instruction Services | 761,280                | 823,999             | 580,275              | 604,526             |
| Administration and Business    | 579,988                | 553,941             | 542,637              | 538,566             |
| Maintenance and Operations     | 653,529                | 708,532             | 653,529              | 708,532             |
| Transportation                 | 109,551                | 122,289             | 60,683               | 73,594              |
| Other                          | 299,120                | 287,518             | 299,120              | 287,518             |
| <b>Total</b>                   | <b>\$ 6,161,210</b>    | <b>\$ 5,787,287</b> | <b>\$ 4,736,840</b>  | <b>\$ 4,919,758</b> |

- The cost of all governmental activities this year was \$6,161,210.
- The federal and state governments subsidized certain programs with grants and contributions.
- Approximately 57.47% of the District's costs, however, were financed by District taxpayers.
- A portion of the governmental activities was financed with formula-based state aid.
- The remainder of the funding came from miscellaneous revenue and investment earnings.

***Business-Type Activities***

Net position decreased from the District's business-type activity of \$11,851. (Refer to Figure A-4).

**Financial Analysis of the District's Funds**

Significant changes in the student population and difficult economic times have added pressure to the District's budget. Special education costs continue to escalate with several pupils with disabilities placed in out-of-district programs. These pupils are profoundly disabled and require complex educational and related services our District does not have capacity or personnel to provide.

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

**Financial Analysis of the District's Funds**

Faculty/staffing costs have increased slightly each year while the fringe benefit costs for these staff members continue to increase dramatically. The District has been very proactive in trying to minimize the fringe benefit allocation and cost increases.

Difficult economic times have had a direct impact upon the District's revenue sources placing a greater burden on our local taxpayers. The District has historically utilized funds from the unappropriated balance to reduce the tax levy.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**Capital Asset and Debt Administration**

***Capital Assets***

The District's capital assets increased \$206,008, or 4.16% – the result of \$453,173 in acquisitions and construction in progress offset by current year depreciation of \$247,165 (\$243,113 from its governmental and \$4,052 from its business-type activities).

**Figure A-8  
Capital Assets (Net of Depreciation)**

|                                        | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                  | <u>Total School District</u> |                     | <u>Percent<br/>Change<br/>2014-2015</u> |
|----------------------------------------|--------------------------------|---------------------|---------------------------------|------------------|------------------------------|---------------------|-----------------------------------------|
|                                        | <u>2015</u>                    | <u>2014</u>         | <u>2015</u>                     | <u>2014</u>      | <u>2015</u>                  | <u>2014</u>         |                                         |
| Sites (Land)                           | \$ 409,905                     | \$ 409,905          |                                 |                  | \$ 409,905                   | \$ 409,905          | 0.00%                                   |
| Construction<br>in Progress            | 294,284                        | 279,887             |                                 |                  | 294,284                      | 279,887             | 5.14%                                   |
| Buildings/Bldg.<br>Improvements        | 4,300,797                      | 4,050,128           |                                 |                  | 4,300,797                    | 4,050,128           | 6.19%                                   |
| Furniture,<br>Machinery<br>& Equipment | 135,153                        | 193,013             | \$ 21,573                       | \$ 22,771        | 156,726                      | 215,784             | -27.37%                                 |
| <b>Total</b>                           | <b>\$ 5,140,139</b>            | <b>\$ 4,932,933</b> | <b>\$ 21,573</b>                | <b>\$ 22,771</b> | <b>\$ 5,161,712</b>          | <b>\$ 4,955,704</b> | <b>4.16%</b>                            |

**Hamburg Borough School District  
Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2015  
(Unaudited)**

**Capital Asset and Debt Administration**

***Long-term Debt***

More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

**Figure A-9  
Outstanding Long-Term Debt**

|                                                         | <u>Total School District</u> |                     | <u>Percentage</u> |
|---------------------------------------------------------|------------------------------|---------------------|-------------------|
|                                                         | <u>2015</u>                  | <u>2014*</u>        | <u>Change</u>     |
|                                                         |                              |                     | <u>2014-2015</u>  |
| General Obligation Bonds (Financed with Property Taxes) | \$ 1,365,000                 | \$ 1,535,000        | -11.07%           |
| Net Pension Liability                                   | 923,866                      | 1,298,991           | -28.88%           |
| Compensated Absences Payable                            | <u>120,575</u>               | <u>146,295</u>      | -17.58%           |
|                                                         | <u>\$ 3,774,441</u>          | <u>\$ 4,515,286</u> | -16.41%           |

\* Restated

- The District continued to pay down its debt, reducing its liability for bonds payable by \$170,000 and decreasing its liability for compensated absences by a net amount of \$25,720, and a net decrease of \$25,720 in net pension liability.

**Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The District's enrollment continues to decline resulting in reduced state and federal aid.
- The current contract with the Teachers' Union expired on June 30, 2015 and future negotiations will have a significant impact on the District's largest expenditure (salaries). Rising salary, health benefit, and special education costs, in addition to reduced State Aid and Federal funding, could significantly impact future programs and services provided by the District.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 30 Linwood Avenue, Hamburg, New Jersey 07419.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

|                                                                                      | Governmental<br>Activities | Business-type<br>Activities | Total               |
|--------------------------------------------------------------------------------------|----------------------------|-----------------------------|---------------------|
| <b>ASSETS</b>                                                                        |                            |                             |                     |
| Cash and Cash Equivalents                                                            | \$ 1,594,529               | \$ 11,941                   | \$ 1,606,470        |
| Receivable from State Government                                                     | 8,192                      | 112                         | 8,304               |
| Receivable from Federal Government                                                   | 9,817                      | 3,413                       | 13,230              |
| Other Accounts Receivable                                                            | 24,422                     |                             | 24,422              |
| Inventories                                                                          |                            | 1,704                       | 1,704               |
| Restricted Assets:                                                                   |                            |                             |                     |
| Capital Reserve Account - Cash and Cash Equivalents                                  | 788,070                    |                             | 788,070             |
| Capital Assets, Net:                                                                 |                            |                             |                     |
| Sites (Land) and Construction In Progress                                            | 704,189                    |                             | 704,189             |
| Depreciable Buildings, Building Improvements<br>and Furniture, Machinery & Equipment | 4,435,950                  | 21,573                      | 4,457,523           |
| Total Assets                                                                         | <u>7,565,169</u>           | <u>38,743</u>               | <u>7,603,912</u>    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>                                                 |                            |                             |                     |
| Deferred Interest                                                                    | 50,971                     |                             | 50,971              |
| Changes in Assumptions - Pensions                                                    | 29,051                     |                             | 29,051              |
| Total Deferred Outflows of Resources                                                 | <u>80,022</u>              |                             | <u>80,022</u>       |
| <b>LIABILITIES</b>                                                                   |                            |                             |                     |
| Accrued Interest Payable                                                             | 15,800                     |                             | 15,800              |
| Accounts Payable - Vendors                                                           | 404,629                    | 5,210                       | 409,839             |
| Unamortized Bond Premium                                                             | 60,242                     |                             | 60,242              |
| Unearned Revenue                                                                     |                            | 434                         | 434                 |
| Noncurrent Liabilities:                                                              |                            |                             |                     |
| Due Within One Year                                                                  | 175,000                    |                             | 175,000             |
| Due Beyond One Year                                                                  | 2,234,441                  |                             | 2,234,441           |
| Total Liabilities                                                                    | <u>2,890,112</u>           | <u>5,644</u>                | <u>2,895,756</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                                 |                            |                             |                     |
| Investment Gains - Pensions                                                          | 55,057                     |                             | 55,057              |
| Changes in Proportion - Pensions                                                     | 300,650                    |                             | 300,650             |
| Total Deferred Inflows of Resources                                                  | <u>355,707</u>             |                             | <u>355,707</u>      |
| <b>NET POSITION</b>                                                                  |                            |                             |                     |
| Net Investment in Capital Assets                                                     | 3,775,139                  | 21,573                      | 3,796,712           |
| Restricted for:                                                                      |                            |                             |                     |
| Capital Projects                                                                     | 788,070                    |                             | 788,070             |
| Debt Service                                                                         | 12,650                     |                             | 12,650              |
| Other Purposes                                                                       | 968,569                    |                             | 968,569             |
| Unrestricted                                                                         | (1,145,056)                | 11,526                      | (1,133,530)         |
| Total Net Position                                                                   | <u>\$ 4,399,372</u>        | <u>\$ 33,099</u>            | <u>\$ 4,432,471</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Functions/Programs                     | Expenses     | Program Revenue         |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                |
|----------------------------------------|--------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|----------------|
|                                        |              | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total          |
| Governmental Activities:               |              |                         |                                          |                                        |                                                      |                             |                |
| Instruction:                           |              |                         |                                          |                                        |                                                      |                             |                |
| Regular                                | \$ 2,724,403 |                         | \$ 741,298                               |                                        | \$ (1,983,106)                                       |                             | \$ (1,983,106) |
| Special Education                      | 907,684      |                         | 383,286                                  |                                        | (524,398)                                            |                             | (524,398)      |
| Other Instruction                      | 125,655      |                         | 32,564                                   |                                        | (93,092)                                             |                             | (93,092)       |
| Support Services:                      |              |                         |                                          |                                        |                                                      |                             |                |
| Tuition                                | 123,634      | \$ 78,620               | 5,300                                    |                                        | (39,714)                                             |                             | (39,714)       |
| Student & Instruction Related Services | 637,646      |                         | 97,085                                   |                                        | (540,561)                                            |                             | (540,561)      |
| General Administration Services        | 293,494      |                         |                                          |                                        | (293,494)                                            |                             | (293,494)      |
| School Administration Services         | 140,201      |                         | 37,350                                   |                                        | (102,851)                                            |                             | (102,851)      |
| Central Services                       | 146,292      |                         |                                          |                                        | (146,292)                                            |                             | (146,292)      |
| Plant Operations and Maintenance       | 653,529      |                         |                                          |                                        | (653,529)                                            |                             | (653,529)      |
| Pupil Transportation                   | 109,551      |                         | 48,868                                   |                                        | (60,683)                                             |                             | (60,683)       |
| Interest on Long-Term Debt             | 46,422       |                         |                                          |                                        | (46,422)                                             |                             | (46,422)       |
| Unallocated Depreciation               | 227,627      |                         |                                          |                                        | (227,627)                                            |                             | (227,627)      |
| Transfer of Funds to Charter Schools   | 25,071       |                         |                                          |                                        | (25,071)                                             |                             | (25,071)       |
| Total Governmental Activities          | 6,161,210    | 78,620                  | 1,345,751                                |                                        | (4,736,839)                                          |                             | (4,736,839)    |
| Business-Type Activities:              |              |                         |                                          |                                        |                                                      |                             |                |
| Food Service                           | 108,864      | 49,787                  | 47,176                                   |                                        |                                                      | \$ (11,901)                 | (11,901)       |
| Total Business-Type Activities         | 108,864      | 49,787                  | 47,176                                   |                                        |                                                      | (11,901)                    | (11,901)       |

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

| Functions/Programs                               | Expenses            | Program Revenue         |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                       |
|--------------------------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|-----------------------|
|                                                  |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total                 |
| Total Primary Government                         | <u>\$ 6,270,074</u> | <u>\$ 128,407</u>       | <u>\$ 1,392,927</u>                      | <u>\$ -0-</u>                          | <u>\$ (4,736,839)</u>                                | <u>\$ (11,901)</u>          | <u>\$ (4,748,740)</u> |
| General Revenue and Other Items:                 |                     |                         |                                          |                                        |                                                      |                             |                       |
| Taxes:                                           |                     |                         |                                          |                                        |                                                      |                             |                       |
| Property Taxes, Levied for General Purposes, Net |                     |                         |                                          |                                        | \$ 3,823,878                                         |                             | \$ 3,823,878          |
| Taxes Levied for Debt Service                    |                     |                         |                                          |                                        | 219,100                                              |                             | 219,100               |
| Federal and State Aid not Restricted             |                     |                         |                                          |                                        | 1,445,473                                            |                             | 1,445,473             |
| Investment Earnings                              |                     |                         |                                          |                                        | 5,837                                                | \$ 50                       | 5,887                 |
| Miscellaneous Income                             |                     |                         |                                          |                                        | 6,020                                                |                             | 6,020                 |
| Cancellation of Prior Year Accounts Payable      |                     |                         |                                          |                                        | 12,650                                               |                             | 12,650                |
| Total General Revenue and Other Items            |                     |                         |                                          |                                        | <u>5,512,958</u>                                     | <u>50</u>                   | <u>5,513,008</u>      |
| Change in Net Position                           |                     |                         |                                          |                                        | 776,119                                              | (11,851)                    | 764,268               |
| Net Position - Beginning - Restated              |                     |                         |                                          |                                        | <u>3,623,253</u>                                     | <u>44,950</u>               | <u>3,668,203</u>      |
| Net Position - Ending                            |                     |                         |                                          |                                        | <u>\$ 4,399,372</u>                                  | <u>\$ 33,099</u>            | <u>\$ 4,432,471</u>   |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

HAMBURG BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

|                                                     | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|-----------------------------------------------------|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <b>ASSETS:</b>                                      |                     |                            |                             |                         |                                |
| Cash and Cash Equivalents                           | \$ 1,581,879        |                            | \$ 12,650                   |                         | \$ 1,594,529                   |
| Interfund Receivables                               | 9,817               |                            |                             | \$ 12,650               | 22,467                         |
| Receivables from State                              | 8,192               |                            |                             |                         | 8,192                          |
| Other Accounts Receivable                           | 24,422              |                            |                             |                         | 24,422                         |
| Receivables from Federal Government                 |                     | \$ 9,817                   |                             |                         | 9,817                          |
| Restricted Cash and Cash Equivalents                | 788,070             |                            |                             |                         | 788,070                        |
| <b>Total Assets</b>                                 | <b>\$ 2,412,380</b> | <b>\$ 9,817</b>            | <b>\$ 12,650</b>            | <b>\$ 12,650</b>        | <b>\$ 2,447,497</b>            |
| <b>LIABILITIES AND FUND BALANCES:</b>               |                     |                            |                             |                         |                                |
| <b>Liabilities:</b>                                 |                     |                            |                             |                         |                                |
| Accounts Payable - Vendors                          | \$ 404,629          |                            |                             |                         | \$ 404,629                     |
| Interfund Payable                                   |                     | \$ 9,817                   | \$ 12,650                   |                         | 22,467                         |
| <b>Total Liabilities</b>                            | <b>404,629</b>      | <b>9,817</b>               | <b>12,650</b>               |                         | <b>427,096</b>                 |
| <b>Fund Balances:</b>                               |                     |                            |                             |                         |                                |
| <b>Restricted:</b>                                  |                     |                            |                             |                         |                                |
| Capital Reserve Account                             | 788,070             |                            |                             |                         | 788,070                        |
| Excess Surplus                                      | 494,410             |                            |                             |                         | 494,410                        |
| Excess Surplus - For Subsequent Year's Expenditures | 474,159             |                            |                             |                         | 474,159                        |
| Debt Service Fund                                   |                     |                            |                             | 12,650                  | 12,650                         |
| <b>Assigned:</b>                                    |                     |                            |                             |                         |                                |
| For Subsequent Year's Expenditures                  | 149,048             |                            |                             |                         | 149,048                        |
| For Subsequent Year's Expenditures - SEMI/ARRA      | 3,624               |                            |                             |                         | 3,624                          |
| Unassigned                                          | 98,440              |                            |                             |                         | 98,440                         |
| <b>Total Fund Balances</b>                          | <b>2,007,751</b>    |                            |                             | <b>12,650</b>           | <b>2,020,401</b>               |
| <b>Total Liabilities and Fund Balances</b>          | <b>\$ 2,412,380</b> | <b>\$ 9,817</b>            | <b>\$ 12,650</b>            | <b>\$ 12,650</b>        | <b>\$ 2,447,497</b>            |

HAMBURG BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are different because:

|                                                                                                                                                                                                                |              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Total Fund Balances - Governmental Funds (Above)                                                                                                                                                               | \$ 2,020,401 |
| Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$8,567,985 and the accumulated depreciation is \$3,427,846. | 5,140,139    |
| Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.                                                      | (1,485,575)  |
| Deferred Interest costs are not reported as expenditures in the Governmental Funds in the year of the expenditure.                                                                                             | 50,971       |
| Interest on long-term debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.                                                                                      | (15,800)     |
| Bond premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The premium is \$100,404 and accumulated amortization is \$40,162.                                             | (60,242)     |
| The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.                                                                                 | (923,866)    |
| Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:                                                 |              |
| Changes in Assumptions - Pensions                                                                                                                                                                              | 29,051       |
| Investment Gains - Pensions                                                                                                                                                                                    | (55,057)     |
| Changes in Proportions - Pensions                                                                                                                                                                              | (300,650)    |
|                                                                                                                                                                                                                | (326,656)    |
| Net Position of Governmental Activities (Exhibit A-1)                                                                                                                                                          | \$ 4,399,372 |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                           | General<br>Fund | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|-------------------------------------------|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| <b>REVENUE:</b>                           |                 |                            |                             |                         |                                |
| Local Sources:                            |                 |                            |                             |                         |                                |
| Local Tax Levy                            | \$ 3,823,878    |                            |                             | \$ 219,100              | \$ 4,042,978                   |
| Tuition from Other LEA's within State     | 67,420          |                            |                             |                         | 67,420                         |
| Tuition from Individual                   | 11,200          |                            |                             |                         | 11,200                         |
| Interest Earned on Capital Reserve Funds  | 926             |                            |                             |                         | 926                            |
| Miscellaneous                             | 10,931          | \$ 4,400                   | \$ 12,650                   |                         | 27,981                         |
| Total - Local Sources                     | 3,914,355       | 4,400                      | 12,650                      | 219,100                 | 4,150,505                      |
| State Sources                             | 2,119,882       |                            |                             |                         | 2,119,882                      |
| Federal Sources                           | 14,288          | 117,288                    |                             |                         | 131,576                        |
| Total Revenue                             | 6,048,525       | 121,688                    | 12,650                      | 219,100                 | 6,401,963                      |
| <b>EXPENDITURES:</b>                      |                 |                            |                             |                         |                                |
| Instruction:                              |                 |                            |                             |                         |                                |
| Regular Instruction                       | 1,637,672       |                            |                             |                         | 1,637,672                      |
| Special Education Instruction             | 504,616         | 33,735                     |                             |                         | 538,351                        |
| Other Instruction                         | 74,883          |                            |                             |                         | 74,883                         |
| Support Services and Undistributed Costs: |                 |                            |                             |                         |                                |
| Tuition                                   | 123,634         |                            |                             |                         | 123,634                        |
| Student & Instruction Related Services    | 456,182         | 87,953                     |                             |                         | 544,135                        |
| General Administration Services           | 250,954         |                            |                             |                         | 250,954                        |
| School Administration Services            | 81,967          |                            |                             |                         | 81,967                         |
| Central Services                          | 124,013         |                            |                             |                         | 124,013                        |
| Plant Operations and Maintenance          | 672,276         |                            |                             |                         | 672,276                        |
| Pupil Transportation                      | 106,944         |                            |                             |                         | 106,944                        |
| Unallocated Benefits                      | 1,311,166       |                            |                             |                         | 1,311,166                      |

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                      | General<br>Fund            | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--------------------------------------|----------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| EXPENDITURES:                        |                            |                            |                             |                         |                                |
| Capital Outlay                       | \$ 389,549                 |                            | \$ (19,797)                 |                         | \$ 369,752                     |
| Debt Service:                        |                            |                            |                             |                         |                                |
| Principal                            |                            |                            |                             | \$ 170,000              | 170,000                        |
| Interest and Other Charges           |                            |                            |                             | 49,100                  | 49,100                         |
| Transfer of Funds to Charter Schools | 25,071                     |                            |                             |                         | 25,071                         |
| Total Expenditures                   | <u>5,758,927</u>           | <u>\$ 121,688</u>          | <u>(19,797)</u>             | <u>219,100</u>          | <u>6,079,918</u>               |
| Excess of Revenue over Expenditures  | <u>289,598</u>             |                            | <u>32,447</u>               |                         | <u>322,045</u>                 |
| OTHER FINANCING SOURCES/(USES):      |                            |                            |                             |                         |                                |
| Transfers In/(Out)                   | 39,910                     |                            | (52,560)                    | 12,650                  |                                |
| Total Other Financing Sources/(Uses) | <u>39,910</u>              |                            | <u>(52,560)</u>             | <u>12,650</u>           |                                |
| Net Change in Fund Balances          | 329,508                    |                            | (20,113)                    | 12,650                  | 322,045                        |
| Fund Balance—July 1                  | <u>1,678,243</u>           |                            | <u>20,113</u>               |                         | <u>1,698,356</u>               |
| Fund Balance—June 30                 | <u><u>\$ 2,007,751</u></u> | <u><u>\$ - 0 -</u></u>     | <u><u>\$ - 0 -</u></u>      | <u><u>\$ 12,650</u></u> | <u><u>\$ 2,020,401</u></u>     |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HAMBURG BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 322,045

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:

Capital Outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense differed from capital outlays in the period.

|  |                      |                |         |
|--|----------------------|----------------|---------|
|  | Depreciation Expense | \$ (243,113)   |         |
|  | Capital Outlays      | <u>450,319</u> |         |
|  |                      |                | 207,206 |

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+) 25,720

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (+) 170,000

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Fund, interest is reported when due. The accrued interest is an addition in the reconciliation (+) 1,133

The Governmental Funds report the effect of deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-) (8,494)

The Governmental Funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+) 10,040

HAMBURG BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

|                                                                                             |                          |
|---------------------------------------------------------------------------------------------|--------------------------|
| Change in Net Pension Liability                                                             | \$ 375,125               |
| Deferred Outflows:                                                                          |                          |
| Changes in Assumptions                                                                      | 29,051                   |
| Deferred Inflows:                                                                           |                          |
| Changes in Proportion                                                                       | (55,057)                 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | <u>(300,650)</u>         |
| Change in Net Position - Governmental Activities (from Exhibit A-2)                         | <u><u>\$ 776,119</u></u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

## ASSETS:

## Current Assets:

|                                        |              |
|----------------------------------------|--------------|
| Cash and Cash Equivalents              | \$ 11,941    |
| Intergovernmental Accounts Receivable: |              |
| Federal                                | 3,413        |
| State                                  | 112          |
| Inventories                            | <u>1,704</u> |

|                      |               |
|----------------------|---------------|
| Total Current Assets | <u>17,170</u> |
|----------------------|---------------|

## Non-Current Assets:

## Capital Assets:

|                                          |               |
|------------------------------------------|---------------|
| Depreciable Furniture and Equipment, Net | <u>21,573</u> |
|------------------------------------------|---------------|

|                          |               |
|--------------------------|---------------|
| Total Non-Current Assets | <u>21,573</u> |
|--------------------------|---------------|

|              |               |
|--------------|---------------|
| Total Assets | <u>38,743</u> |
|--------------|---------------|

## LIABILITIES:

## Current Liabilities:

|                            |            |
|----------------------------|------------|
| Accounts Payable - Vendors | 5,210      |
| Unearned Revenue           | <u>434</u> |

|                   |              |
|-------------------|--------------|
| Total Liabilities | <u>5,644</u> |
|-------------------|--------------|

## NET POSITION:

|                                  |               |
|----------------------------------|---------------|
| Net Investment in Capital Assets | 21,573        |
| Unrestricted                     | <u>11,526</u> |

|                    |                  |
|--------------------|------------------|
| Total Net Position | <u>\$ 33,099</u> |
|--------------------|------------------|

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                         |             |
|-----------------------------------------|-------------|
| Operating Revenue:                      |             |
| Local Sources:                          |             |
| Daily Sales - Reimbursable Programs     | \$ 36,345   |
| Daily Sales - Non-Reimbursable Programs | 13,442      |
|                                         | <hr/>       |
| Total Operating Revenue                 | 49,787      |
|                                         | <hr/>       |
| Operating Expenses:                     |             |
| Cost of Sales                           | 54,742      |
| Salaries, Benefits & Payroll Taxes      | 34,192      |
| Supplies, Insurance & Other Costs       | 7,976       |
| Management Fee                          | 7,902       |
| Depreciation Expense                    | 4,052       |
|                                         | <hr/>       |
| Total Operating Expenses                | 108,864     |
|                                         | <hr/>       |
| Operating Loss                          | (59,077)    |
|                                         | <hr/>       |
| Non-Operating Revenue:                  |             |
| Local Sources:                          |             |
| Interest Income                         | 50          |
| State Sources:                          |             |
| State School Lunch Program              | 1,241       |
| Federal Sources:                        |             |
| National School Lunch Program           | 33,987      |
| School Breakfast Program                | 1,540       |
| Food Distribution Program               | 10,408      |
|                                         | <hr/>       |
| Total Non-Operating Revenue             | 47,226      |
|                                         | <hr/>       |
| Change in Net Position                  | (11,851)    |
|                                         | <hr/>       |
| Net Position - Beginning of Year        | 44,950      |
|                                         | <hr/>       |
| Net Position - End of Year              | \$ 33,099   |
|                                         | <hr/> <hr/> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                                                               |             |
|-------------------------------------------------------------------------------|-------------|
| Cash Flows from Operating Activities:                                         |             |
| Receipts from Customers                                                       | \$ 49,787   |
| Payments to Employees                                                         | (34,192)    |
| Payments to Food Service Vendor                                               | (46,939)    |
| Payments to Suppliers                                                         | (7,976)     |
|                                                                               | <hr/>       |
| Net Cash Used for Operating Activities                                        | (39,320)    |
| Cash Flows from Capital and Related Financing Activities:                     |             |
| Acquisition of Equipment                                                      | (2,854)     |
|                                                                               | <hr/>       |
| Net Cash Used for Capital and Related Financing Activities                    | (2,854)     |
| Cash Flows from Noncapital Financing Activities:                              |             |
| Local Sources:                                                                |             |
| Interest Revenue                                                              | 50          |
| State Sources:                                                                |             |
| State School Lunch Program                                                    | 1,215       |
| Federal Sources:                                                              |             |
| National School Lunch Program                                                 | 33,060      |
| School Breakfast Program                                                      | 1,522       |
|                                                                               | <hr/>       |
| Net Cash Provided by Noncapital Financing Activities                          | 35,847      |
| Net Decrease in Cash and Cash Equivalents                                     | (6,327)     |
| Cash and Cash Equivalents, July 1                                             | 18,268      |
|                                                                               | <hr/>       |
| Cash and Cash Equivalents, June 30                                            | \$ 11,941   |
|                                                                               | <hr/> <hr/> |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities:   |             |
| Operating Loss                                                                | \$ (59,077) |
| Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities: |             |
| Depreciation                                                                  | 4,052       |
| Food Distribution Program                                                     | 10,408      |
| Changes in Assets and Liabilities:                                            |             |
| (Increase)/Decrease in Inventory                                              | 97          |
| Increase/(Decrease) in Unearned Revenue                                       | (10)        |
| Increase/(Decrease) in Accounts Payable                                       | 5,210       |
|                                                                               | <hr/>       |
| Net Cash Used for Operating Activities                                        | \$ (39,320) |
|                                                                               | <hr/> <hr/> |

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$10,398 and used \$10,408 of those commodities during the fiscal year.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

|                                              | Agency    | Flexible<br>Spending<br>Trust |
|----------------------------------------------|-----------|-------------------------------|
| ASSETS:                                      |           |                               |
| Cash and Cash Equivalents                    | \$ 10,969 | \$ 919                        |
| Total Assets                                 | 10,969    | 919                           |
| LIABILITIES:                                 |           |                               |
| Due to Student Groups                        | 10,969    |                               |
| Total Liabilities                            | 10,969    |                               |
| NET POSITION:                                |           |                               |
| Held in Trust for Flexible Spending Benefits |           | 919                           |
| TOTAL NET POSITION                           | \$ - 0 -  | \$ 919                        |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

HAMBURG BOROUGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                      | <u>Flexible<br/>Spending Trust</u> |
|--------------------------------------|------------------------------------|
| Additions:                           |                                    |
| Contributions:                       |                                    |
| Plan Contributions                   | \$ 17,380                          |
| Total Contributions                  | <u>17,380</u>                      |
| Investment Earnings:                 |                                    |
| Interest                             | <u>14</u>                          |
| Net Investment Earnings              | <u>14</u>                          |
| Total Additions                      | <u>17,394</u>                      |
| Deductions:                          |                                    |
| Flexible Spending Claims             | <u>16,865</u>                      |
| Total Deductions                     | <u>16,865</u>                      |
| Change in Net Position               | 529                                |
| Net Position - Beginning of the Year | <u>390</u>                         |
| Net Position - End of the Year       | <u><u>\$ 919</u></u>               |

THE ACCOMPANYING STATEMENTS TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Hamburg Borough School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school located in the Borough of Hamburg. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board Resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and the Flexible Spending Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by school board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current fiscal year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

|                                                                                                                                | General<br>Fund | Special<br>Revenue<br>Fund |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------|
| <u>Sources/Inflows of Resources:</u>                                                                                           |                 |                            |
| Actual Amounts (Budgetary Basis) "Revenue"<br>from the Budgetary Comparison Schedule                                           | \$ 6,049,089    | \$ 121,688                 |
| <u>Differences - Budget to GAAP:</u>                                                                                           |                 |                            |
| Prior Year State Aid Payments Recognized for GAAP Statements                                                                   | 159,410         |                            |
| Current Year State Aid Payments Recognized for Budgetary<br>Purposes, not Recognized for GAAP Statements                       | (159,974)       |                            |
| Total Revenues as Reported on the Statement of Revenues,<br>Expenditures and Changes in Fund Balances - Governmental Funds     | \$ 6,048,525    | \$ 121,688                 |
| <br>                                                                                                                           |                 |                            |
|                                                                                                                                | General<br>Fund | Special<br>Revenue<br>Fund |
| <u>Uses/Outflows of Resources:</u>                                                                                             |                 |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule                                    | \$ 5,758,927    | \$ 121,688                 |
| Total Expenditures as Reported on the Statement of Revenue,<br>Expenditures, and Changes in Fund Balances - Governmental Funds | \$ 5,758,927    | \$ 121,688                 |

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the fiscal year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary changes necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

|                                 | <u>Estimated Useful Life</u> |
|---------------------------------|------------------------------|
| Buildings                       | 50 years                     |
| Site Improvements               | 20 years                     |
| Furniture and Equipment         | 10 to 15 years               |
| Computer and Related Technology | 5 years                      |
| Vehicles                        | 8 years                      |

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service. Upon retirement, employees are paid for unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,007,751 General Fund Balance at June 30, 2015, \$788,070 is restricted in the capital reserve account; \$494,410 is restricted for current fiscal year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017; \$474,159 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2015; \$152,672 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2015; and \$98,440 is unassigned (which is \$159,974 less than the budgetary basis due to the non-recognition of the last two state aid payments).

Capital Projects Fund: The District has \$-0- in Capital Projects Fund balance at June 30, 2015.

Debt Service Fund: The Debt Service Fund has \$12,650 fund balance at June 30, 2015.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District had excess surplus as noted above.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$159,974 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable.

The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a total of \$80,022 in deferred outflows of resources at June 30, 2015 for the deferred amount on refunding of debt of \$50,971, and changes in assumptions in pension of \$29,051. The District had deferred inflows of resources at June 30, 2015 for the changes in proportion in pension of \$300,650 and the net difference between projected and actual investment earning on pension plan investments for \$55,057.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Deficit Net Position

The District has a deficit in unrestricted net position of \$1,145,056 in governmental activities, which is primarily due to accrued interest payable of \$15,800, \$120,575 of compensated absences payable, investment gains in pensions of \$55,057, changes on proportion in pension of \$300,650, and net pension liability of \$923,866; net of \$149,048 fund balance assigned for subsequent year's expenditures, 788,070 assigned for encumbrances and changes on pension assumptions of \$29,051. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$152,672 of assigned resources for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investments section of this Note.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

|                             | <u>Cash and<br/>Cash<br/>Equivalents</u> | <u>Restricted<br/>Cash and Cash<br/>Equivalents<br/>Capital<br/>Reserve</u> | <u>Total</u>        |
|-----------------------------|------------------------------------------|-----------------------------------------------------------------------------|---------------------|
| Checking & Savings Accounts | \$ 1,618,358                             | \$ 788,070                                                                  | \$ 2,406,428        |
|                             | <u>\$ 1,618,358</u>                      | <u>\$ 788,070</u>                                                           | <u>\$ 2,406,428</u> |

During the period ended June 30, 2015, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2015, was \$2,406,428 and the bank balance was \$2,549,191

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2015, the District transferred \$27,000 to capital outlay accounts for the acquisition of equipment. These transfers did not require the approval of the County Superintendent. The transfer of \$116,566 for architectural and construction services received county superintendent approval.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

|                                                                             | Balance<br>6/30/2014 | Increases  | Decreases/<br>Adjustments | Balance<br>6/30/2015 |
|-----------------------------------------------------------------------------|----------------------|------------|---------------------------|----------------------|
| Governmental Activities:                                                    |                      |            |                           |                      |
| Capital Assets not being Depreciated:                                       |                      |            |                           |                      |
| Sites (Land)                                                                | \$ 409,905           |            |                           | \$ 409,905           |
| Construction in Progress                                                    | 279,887              | \$ 294,284 | \$ (279,887)              | 294,284              |
| Total Capital Assets not Being Depreciated                                  | 689,792              | 294,284    | (279,887)                 | 704,189              |
| Capital Assets Being Depreciated:                                           |                      |            |                           |                      |
| Buildings and Building Improvements                                         | 6,360,399            | 131,064    | 279,887                   | 6,771,350            |
| Machinery and Equipment                                                     | 1,080,498            | 24,971     | (13,023)                  | 1,092,446            |
| Total Capital Assets Being Depreciated                                      | 7,440,897            | 156,035    | 266,864                   | 7,863,796            |
| Governmental Activities Capital Assets                                      | 8,130,689            | 450,319    | (13,023)                  | 8,567,985            |
| Less Accumulated Depreciation for:                                          |                      |            |                           |                      |
| Buildings and Building Improvements                                         | (2,310,271)          | (160,282)  |                           | (2,470,553)          |
| Machinery and Equipment                                                     | (887,485)            | (82,831)   | 13,023                    | (957,293)            |
| Total Accumulated Depreciation                                              | (3,197,756)          | (243,113)  | 13,023                    | (3,427,846)          |
| Governmental Activities Capital Assets,<br>Net of Accumulated Depreciation  | \$ 4,932,933         | \$ 207,206 | \$ - 0 -                  | \$ 5,140,139         |
| Business Type Activities:                                                   |                      |            |                           |                      |
| Capital Assets Being Depreciated:                                           |                      |            |                           |                      |
| Furniture and Equipment                                                     | \$ 103,046           | \$ 2,854   |                           | \$ 105,900           |
| Less Accumulated Depreciation                                               | (80,275)             | (4,052)    |                           | (84,327)             |
| Business Type Activities Capital Assets,<br>Net of Accumulated Depreciation | \$ 22,771            | \$ (1,198) | \$ - 0 -                  | \$ 21,573            |
| GRAND TOTAL                                                                 | \$ 4,955,704         | \$ 206,008 | \$ - 0 -                  | \$ 5,161,712         |

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

|                                     |    |                |
|-------------------------------------|----|----------------|
| Regular Instruction                 | \$ | 9,262          |
| Central Services                    |    | 5,616          |
| Operations and Maintenance of Plant |    | 608            |
| General/Unallocated                 |    | 227,627        |
|                                     |    | <hr/>          |
| Governmental Funds                  | \$ | <u>243,113</u> |

NOTE 6. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Hamburg Board of Education by inclusion of \$200,000 on July 1, 1991 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

|                                             |    |            |                |
|---------------------------------------------|----|------------|----------------|
| Balance at June 30, 2014                    |    | \$         | 513,800        |
| Increased by:                               |    |            |                |
| Board Resolution (June 25, 2015)            | \$ |            | 350,000        |
| Unexpended and Returned to Capital Reserve: |    |            |                |
| From Capital Outlay                         |    | 88,434     |                |
| From Capital Projects Fund                  |    | 39,910     |                |
| Interest                                    |    | <u>926</u> |                |
|                                             |    |            | <hr/>          |
|                                             |    |            | 479,270        |
|                                             |    |            | <hr/>          |
|                                             |    |            | 993,070        |
| Decreased by:                               |    |            |                |
| Budgeted Withdrawals                        |    |            | <u>205,000</u> |
| Balance at June 30, 2015                    |    | \$         | <u>788,070</u> |

The balance in the capital reserve account at June 30, 2015 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

|                              | Restated<br>Balance<br><u>6/30/2014</u> | <u>Accrued</u>  | <u>Retired</u>    | Balance<br><u>6/30/2015</u> |
|------------------------------|-----------------------------------------|-----------------|-------------------|-----------------------------|
| Serial Bonds Payable         | \$ 1,535,000                            |                 | \$ 170,000        | \$ 1,365,000                |
| Compensated Absences Payable | 146,295                                 | \$ 6,055        | 31,775            | 120,575                     |
| Net Pension Liability        | <u>1,298,991</u>                        |                 | <u>375,125</u>    | <u>923,866</u>              |
|                              | <u>\$ 2,980,286</u>                     | <u>\$ 6,055</u> | <u>\$ 576,900</u> | <u>\$ 2,409,441</u>         |

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be retired through the Debt Service Fund.

On November 16, 2010, the District issued \$1,885,000 refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$1,849,000 of the 2001 serial bonds with rates ranging from 4.60% to 4.875%. The total cash savings amounted to \$135,481 and the total net present value (NPV) savings was \$117,617, or 6.36% of the refunded debt.

The refunding bonds began to mature on September 1, 2011 and will continue to do so through September 1, 2021. Interest will be payable semi-annually on March 1 and September 1 in each of the years and at the interest rates set forth in the maturity schedule or earlier redemption by the Board. The net proceeds from the issuance of the general obligation refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

The District has bonds outstanding as of June 30, 2015 as follows:

| <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Amount</u>       |
|----------------------|----------------------|---------------------|
| 9/1/2021             | 2.00%-4.00%          | <u>\$ 1,365,000</u> |

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

Principal and interest due on serial bonds outstanding are as follows:

| Year<br>Ending<br>June 30, | Bonds               |                   | Total               |
|----------------------------|---------------------|-------------------|---------------------|
|                            | Principal           | Interest          |                     |
| 2016                       | \$ 175,000          | \$ 44,775         | \$ 219,775          |
| 2017                       | 180,000             | 40,350            | 220,350             |
| 2018                       | 185,000             | 35,775            | 220,775             |
| 2019                       | 190,000             | 29,200            | 219,200             |
| 2020                       | 205,000             | 21,300            | 226,300             |
| 2021-2022                  | 430,000             | 17,400            | 447,400             |
|                            | <u>\$ 1,365,000</u> | <u>\$ 188,800</u> | <u>\$ 1,553,800</u> |

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District had no capital leases as of June 30, 2015.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. There is no current portion of the compensated absences balance of the governmental funds in the current fiscal year; therefore, the entire \$120,575 represents the long-term liability balance of compensated absences.

There is no liability for compensated absences in the District's Enterprise Funds.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$923,866. See Note 8 for further information on the PERS.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u>                                                                          |
|-------------|--------------------------------------------------------------------------------------------|
| 1           | Members who were enrolled prior to July 1, 2007                                            |
| 2           | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3           | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4           | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011    |
| 5           | Members who were eligible to enroll on or after June 28, 2011                              |

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$38,409 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$923,866 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.004%, which was a decrease of 0.002% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of (\$7,769). At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Changes in Assumptions                                                                         | \$ 29,051                                     |                                              |
| Changes in Proportion                                                                          |                                               | \$ 300,650                                   |
| Net Difference Between Projected and Actual<br>Investment Earnings on Pension Plan Investments |                                               | <u>55,057</u>                                |
|                                                                                                | <u>\$ 29,051</u>                              | <u>\$ 355,707</u>                            |

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Total</u>       |
|----------------------------------------------|--------------------|
| 2015                                         | \$ (8,424)         |
| 2016                                         | (8,424)            |
| 2017                                         | (8,424)            |
| 2018                                         | (8,424)            |
| 2019                                         | 5,340              |
| Thereafter                                   | 2,350              |
|                                              | <u>\$ (26,006)</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

|                           |                           |
|---------------------------|---------------------------|
| Inflation Rate            | 3.01%                     |
| Salary Increases:         |                           |
| 2012-2021                 | 2.15 – 4.40% based on age |
| Thereafter                | 3.15 – 5.40% based on age |
| Investment Rate of Return | 7.90%                     |

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of<br/>Return</u> |
|-----------------------------|--------------------------|-----------------------------------------------------------|
| Cash                        | 6.00%                    | 0.80%                                                     |
| Core Bonds                  | 1.00%                    | 2.49%                                                     |
| Intermediate-Term Bonds     | 11.20%                   | 2.26%                                                     |
| Mortgages                   | 2.50%                    | 2.17%                                                     |
| High Yield Bonds            | 5.50%                    | 4.82%                                                     |
| Inflation-Indexed Bonds     | 2.50%                    | 3.51%                                                     |
| Broad U.S. Equities         | 25.90%                   | 8.22%                                                     |
| Developed Foreign Equities  | 12.70%                   | 8.12%                                                     |
| Emerging Market Equities    | 6.50%                    | 9.91%                                                     |
| Private Equity              | 8.25%                    | 13.02%                                                    |
| Hedge Funds/Absolute Return | 12.25%                   | 4.92%                                                     |
| Real Estate (Property)      | 3.20%                    | 5.80%                                                     |
| Commodities                 | 2.50%                    | 5.35%                                                     |

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

|                                                             | Fiscal Year Ended June 30, 2014 |                                     |                           |
|-------------------------------------------------------------|---------------------------------|-------------------------------------|---------------------------|
|                                                             | 1%<br>Decrease<br>(4.39%)       | Current<br>Discount Rate<br>(5.39%) | 1%<br>Increase<br>(6.39%) |
| District's proportionate share of the Net Pension Liability | \$ 5,397,511                    | \$ 4,290,433                        | \$ 3,360,769              |

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

| Tier | Definition                                                                                 |
|------|--------------------------------------------------------------------------------------------|
| 1    | Members who were enrolled prior to July 1, 2007                                            |
| 2    | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3    | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4    | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011    |
| 5    | Members who were eligible to enroll on or after June 28, 2011                              |

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$123,672 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$659,039.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$12,247,659. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.02291%, which was a decrease of 0.00008% from its proportion measured as of June 30, 2013.

|                                                                                       |                      |
|---------------------------------------------------------------------------------------|----------------------|
| District's Proportionate Share of the Net Pension Liability                           | \$ -0-               |
| State's Proportionate Share of the Net Pension Liability Associated with the District | <u>12,247,659</u>    |
| Total                                                                                 | <u>\$ 12,247,659</u> |

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$659,039 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Changes in Assumptions                            | \$ 2,306,623,861                              |                                              |
| Difference Between Expected and Actual Experience |                                               | \$ 21,969,019                                |
| Net Difference Between Projected and Actual       |                                               |                                              |
| Investment Earnings on Pension Plan Investments   |                                               | 1,741,236,574                                |
|                                                   | <u>\$ 2,306,623,861</u>                       | <u>\$ 1,763,205,593</u>                      |

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Total</u>          |
|----------------------------------------|-----------------------|
| 2016                                   | \$ (130,688,498)      |
| 2017                                   | (130,688,498)         |
| 2018                                   | (130,688,498)         |
| 2019                                   | (130,688,496)         |
| 2020                                   | 304,620,646           |
| Thereafter                             | 761,551,612           |
|                                        | <u>\$ 543,418,268</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

|                           |                            |
|---------------------------|----------------------------|
| Inflation Rate            | 2.50%                      |
| Salary Increases:         |                            |
| 2012-2021                 | Varies based on experience |
| Thereafter                | Varies based on experience |
| Investment Rate of Return | 7.90%                      |

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|-----------------------------------------------|
| Cash                        | 6.00%                    | 0.50%                                         |
| Core Fixed Income           | 0.00%                    | 2.19%                                         |
| Core Bonds                  | 1.00%                    | 1.38%                                         |
| Short-Term Bonds            | 0.00%                    | 1.00%                                         |
| Intermediate-Term Bonds     | 11.20%                   | 2.60%                                         |
| Long-Term Bonds             | 0.00%                    | 3.23%                                         |
| Mortgages                   | 2.50%                    | 2.84%                                         |
| High Yield Bonds            | 5.50%                    | 4.15%                                         |
| Non-U.S. Fixed Income       | 0.00%                    | 1.41%                                         |
| Inflation-Indexed Bonds     | 2.50%                    | 1.30%                                         |
| Broad U.S. Equities         | 25.90%                   | 5.88%                                         |
| Large CAP U.S. Equities     | 0.00%                    | 5.62%                                         |
| Mid CAP U.S. Equities       | 0.00%                    | 6.39%                                         |
| Small CAP U.S. Equities     | 0.00%                    | 7.39%                                         |
| Developed Foreign Equities  | 12.70%                   | 6.05%                                         |
| Emerging Market Equities    | 6.50%                    | 8.90%                                         |
| Private Equity              | 8.25%                    | 9.15%                                         |
| Hedge Funds/Absolute Return | 12.25%                   | 3.85%                                         |
| Real Estate (Property)      | 3.20%                    | 4.43%                                         |
| Real Estate (REITS)         | 0.00%                    | 5.58%                                         |
| Commodities                 | 2.50%                    | 3.60%                                         |
| Long Credit Bonds           | 0.00%                    | 3.74%                                         |

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

|                             | Fiscal Year Ended June 30, 2014 |                                     |                           |
|-----------------------------|---------------------------------|-------------------------------------|---------------------------|
|                             | 1%<br>Decrease<br>(3.68%)       | Current<br>Discount Rate<br>(4.68%) | 1%<br>Increase<br>(5.68%) |
| Total Net Pension Liability | \$ 64,722,984,539               | \$53,813,067,539                    | \$44,738,870,539          |

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|                             | Fiscal Year Ended June 30, 2014 |                                     |                           |
|-----------------------------|---------------------------------|-------------------------------------|---------------------------|
|                             | 1%<br>Decrease<br>(3.68%)       | Current<br>Discount Rate<br>(4.68%) | 1%<br>Increase<br>(5.68%) |
| Total Net Pension Liability | \$ 64,722,984,539               | \$53,813,067,539                    | \$44,738,870,539          |

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$10,429 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$14,352 for the fiscal year ended June 30, 2015.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, of Public Laws 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$196,329, \$158,949 and \$166,800 for 2015, 2014, and 2013, respectively.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through New Jersey Employee Health Benefits Program.

Property and Liability

The District maintains insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The Hamburg School District is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The audit for the Group for the fiscal year ended June 30, 2015 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2014 is as follows:

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

|                        | New Jersey<br>Schools<br>Insurance Group<br>(NJSIG) |
|------------------------|-----------------------------------------------------|
| Total Assets           | \$ 293,795,686                                      |
| Net Position           | \$ 66,169,762                                       |
| Total Revenue          | \$ 120,623,875                                      |
| Total Expenditures     | \$ 119,843,435                                      |
| Change in Net Position | \$ 780,440                                          |
| Member Dividends       | \$ - 0 -                                            |

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group  
450 Veterans Drive  
Burlington, NJ 08016  
Phone: (609) 386-6060 Fax: (609) 386-8877

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District remits employee withholdings and employer's share of New Jersey Unemployment Compensation Insurance taxes to the State each pay period. The State makes all unemployment payments to former employees, and the District has no further liability.

NOTE 12. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable  
Lincoln Investment Planning

Lincoln National Life Insurance

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015.

| <u>Fund</u>           | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|-----------------------|---------------------------------|------------------------------|
| General Fund          | \$ 9,817                        |                              |
| Special Revenue Fund  |                                 | \$ 9,817                     |
| Capital Projects Fund |                                 | 12,650                       |
| Debt Service Fund     | 12,650                          |                              |
|                       | <u>\$ 22,467</u>                | <u>\$ 22,467</u>             |

The interfund between the General Fund and Special Revenue Fund represents \$9,817 advanced for grant expenditures while awaiting the receipt of federal grant awards. The Interfund between Capital Projects Fund and Debt Service Fund represents the closeout of the bond referendum capital project and the transfer of the unexpended balance to offset future debt service payments

NOTE 14. CONTINGENT LIABILITIES

Litigation

The District is periodically involved in other pending lawsuits. The District estimates that the potential claims against it resulting from such other litigation and not covered by insurance would not materially affect the financial statements of the District.

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Arbitrage

The District is not subject to a liability for arbitrage payable to the federal government relative to its outstanding bond issues as the District is considered a small issuer with debt under \$15,000,000.

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

|                                   | <u>Balance 6/30/14</u><br><u>as Previously</u><br><u>Reported</u> | <u>Retroactive</u><br><u>Adjustments</u> | <u>Balance 6/30/14</u><br><u>as Restated</u> |
|-----------------------------------|-------------------------------------------------------------------|------------------------------------------|----------------------------------------------|
| <u>Statement of Net Assets:</u>   |                                                                   |                                          |                                              |
| <u>Governmental Activities:</u>   |                                                                   |                                          |                                              |
| <u>Statement of Net Position:</u> |                                                                   |                                          |                                              |
| <u>Liabilities:</u>               |                                                                   |                                          |                                              |
| Non-Current Liabilities           | \$ 1,681,295                                                      | \$ 1,298,991                             | \$ 2,980,286                                 |
| Total Liabilities                 | 2,143,676                                                         | 1,298,991                                | 3,442,667                                    |
| <u>Net Position:</u>              |                                                                   |                                          |                                              |
| Unrestricted/(Deficit)            | 65,593                                                            | (1,298,991)                              | (1,233,398)                                  |
| Total Net Position                | 4,922,244                                                         | (1,298,991)                              | 3,623,253                                    |

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

L-1

HAMBURG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

|                                                                                                             | <u>Fiscal Year Ending June 30,</u> |               |
|-------------------------------------------------------------------------------------------------------------|------------------------------------|---------------|
|                                                                                                             | <u>2014</u>                        | <u>2015</u>   |
| District's proportion of the net pension liability                                                          | 0.0067496734%                      | 0.0049344628% |
| District's proportionate share of the net pension liability                                                 | \$ 1,298,991                       | \$ 923,866    |
| District's covered employee payroll                                                                         | \$ 334,748                         | \$ 341,334    |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 388.05%                            | 270.66%       |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 48.72%                             | 52.08%        |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

|                                                                      | <u>Fiscal Year Ending June 30,</u> |                 |
|----------------------------------------------------------------------|------------------------------------|-----------------|
|                                                                      | <u>2014</u>                        | <u>2015</u>     |
| Contractually required contribution                                  | \$ 51,212                          | \$ 40,679       |
| Contributions in relation to the contractually required contribution | <u>(51,212)</u>                    | <u>(40,679)</u> |
| Contribution deficiency/(excess)                                     | <u>\$ -0-</u>                      | <u>\$ -0-</u>   |
| District's covered employee payroll                                  | \$ 334,748                         | \$ 341,334      |
| Contributions as a percentage of covered employee payroll            | 15.30%                             | 11.92%          |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

|                                                                                                             | Fiscal Year Ending June 30, |               |
|-------------------------------------------------------------------------------------------------------------|-----------------------------|---------------|
|                                                                                                             | 2014                        | 2015          |
| State's proportion of the net pension liability attributable to the District                                | 0.0228294099%               | 0.0229156306% |
| State's proportionate share of the net pension liability attributable to the District                       | \$ 11,537,804               | \$ 12,247,659 |
| District's covered employee payroll                                                                         | \$ 2,265,965                | \$ 2,316,228  |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 509.18%                     | 528.78%       |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 33.76%                      | 33.64%        |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                                | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|----------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUE:                                                       |                            |                             |                         |                  |                                     |
| Local Sources:                                                 |                            |                             |                         |                  |                                     |
| Local Tax Levy                                                 | \$ 3,823,878               |                             | \$ 3,823,878            | \$ 3,823,878     |                                     |
| Tuition from Other LEA's within the State                      |                            |                             |                         | 67,420           | \$ 67,420                           |
| Tuition from Individual                                        |                            |                             |                         | 11,200           | 11,200                              |
| Interest on Capital Reserve                                    | 1,000                      |                             | 1,000                   | 926              | (74)                                |
| Miscellaneous                                                  | 1,000                      |                             | 1,000                   | 10,931           | 9,931                               |
| Total - Local Sources                                          | <u>3,825,878</u>           |                             | <u>3,825,878</u>        | <u>3,914,355</u> | <u>88,477</u>                       |
| State Sources:                                                 |                            |                             |                         |                  |                                     |
| Equalization Aid                                               | 749,282                    |                             | 749,282                 | 749,282          |                                     |
| Transportation Aid                                             | 45,755                     |                             | 45,755                  | 45,755           |                                     |
| Special Education Aid                                          | 146,403                    |                             | 146,403                 | 146,403          |                                     |
| Security Aid                                                   | 29,907                     |                             | 29,907                  | 29,907           |                                     |
| Adjustment Aid                                                 | 646,919                    |                             | 646,919                 | 646,919          |                                     |
| Extraordinary Aid                                              |                            |                             |                         | 5,078            | 5,078                               |
| Extraordinary Aid-Excess Prior Year                            |                            |                             |                         | 222              | 222                                 |
| Non Public Transportation                                      |                            |                             |                         | 3,114            | 3,114                               |
| Other State Aid                                                | 5,640                      |                             | 5,640                   | 5,640            |                                     |
| On-Behalf TPAF Pension Contribution (Non-Budgeted)             |                            |                             |                         | 123,672          | 123,672                             |
| On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted) |                            |                             |                         | 196,329          | 196,329                             |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted)   |                            |                             |                         | 168,125          | 168,125                             |
| Total State Sources                                            | <u>1,623,906</u>           |                             | <u>1,623,906</u>        | <u>2,120,446</u> | <u>496,540</u>                      |
| Federal Sources:                                               |                            |                             |                         |                  |                                     |
| Medicaid Assistance Program                                    | 5,227                      |                             | 5,227                   | 10,664           | 5,437                               |
| Medicaid Assistance Program - SEMI/ARRA                        |                            |                             |                         | 3,624            | 3,624                               |
| Total Federal Sources                                          | <u>5,227</u>               |                             | <u>5,227</u>            | <u>14,288</u>    | <u>9,061</u>                        |
| TOTAL REVENUE                                                  | <u>5,455,011</u>           |                             | <u>5,455,011</u>        | <u>6,049,089</u> | <u>594,078</u>                      |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

| EXPENDITURES:                                  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| CURRENT EXPENSE:                               |                            |                             |                         |                  |                                     |
| Regular Programs - Instruction:                |                            |                             |                         |                  |                                     |
| Kindergarten - Salaries of Teachers            | \$ 134,325                 | \$ 28,000                   | \$ 162,325              | \$ 157,623       | \$ 4,702                            |
| Grades 1-5 - Salaries of Teachers              | 887,348                    | 10,000                      | 897,348                 | 889,128          | 8,220                               |
| Grades 6-8 - Salaries of Teachers              | 456,776                    |                             | 456,776                 | 450,766          | 6,010                               |
| Regular Programs - Home Instruction:           |                            |                             |                         |                  |                                     |
| Salaries of Teachers                           | 1,500                      |                             | 1,500                   |                  | 1,500                               |
| Purchased Professional - Educational Services  | 500                        |                             | 500                     |                  | 500                                 |
| Regular Programs - Unidistributed Instruction: |                            |                             |                         |                  |                                     |
| Other Salaries for Instruction                 | 65,012                     | (53,000)                    | 12,012                  |                  | 12,012                              |
| Purchased Professional - Educational Services  | 40,000                     | (7,000)                     | 33,000                  | 17,551           | 15,449                              |
| Other Purchased Services (400-500 series)      | 35,000                     |                             | 35,000                  | 19,984           | 15,016                              |
| General Supplies                               | 113,313                    | 8,000                       | 121,313                 | 102,620          | 18,693                              |
| Textbooks                                      | 50,700                     | (43,000)                    | 7,700                   |                  | 7,700                               |
| Total Regular Programs - Instruction           | <u>1,784,474</u>           | <u>(57,000)</u>             | <u>1,727,474</u>        | <u>1,637,672</u> | <u>89,802</u>                       |
| Special Education - Instruction:               |                            |                             |                         |                  |                                     |
| Learning and/or Language Disabilities:         |                            |                             |                         |                  |                                     |
| Salaries of Teachers                           | 66,525                     | (54,000)                    | 12,525                  | 1,328            | 11,197                              |
| Other Salaries for Instruction                 | 55,302                     | (53,180)                    | 2,122                   |                  | 2,122                               |
| General Supplies                               | 2,000                      |                             | 2,000                   | 515              | 1,485                               |
| Total Learning and/or Language Disabilities    | <u>123,827</u>             | <u>(107,180)</u>            | <u>16,647</u>           | <u>1,843</u>     | <u>14,804</u>                       |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                               | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|-----------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| EXPENDITURES:                                 |                            |                             |                         |                |                                     |
| CURRENT EXPENSE:                              |                            |                             |                         |                |                                     |
| Resource Room/Resource Center:                |                            |                             |                         |                |                                     |
| Salaries of Teachers                          | \$ 267,905                 | \$ 72,000                   | \$ 339,905              | \$ 339,672     | \$ 233                              |
| Other Salaries for Instruction                |                            | 80,200                      | 80,200                  | 62,989         | 17,211                              |
| General Supplies                              | 2,100                      |                             | 2,100                   | 1,003          | 1,097                               |
| Total Resource Room/Resource Center           | <u>270,005</u>             | <u>152,200</u>              | <u>422,205</u>          | <u>403,664</u> | <u>18,541</u>                       |
| Preschool Disabilities - Full-Time:           |                            |                             |                         |                |                                     |
| Salaries of Teachers                          | 66,030                     |                             | 66,030                  | 64,292         | 1,738                               |
| Other Salaries for Instruction                | 68,859                     | (25,000)                    | 43,859                  | 33,069         | 10,790                              |
| General Supplies                              | 1,000                      | 2,000                       | 3,000                   | 1,748          | 1,252                               |
| Total Preschool Disabilities - Full-Time      | <u>135,889</u>             | <u>(23,000)</u>             | <u>112,889</u>          | <u>99,109</u>  | <u>13,780</u>                       |
| Home Instruction:                             |                            |                             |                         |                |                                     |
| Salaries of Teachers                          | 2,000                      |                             | 2,000                   |                | 2,000                               |
| Purchased Professional - Educational Services | 500                        |                             | 500                     |                | 500                                 |
| Total Home Instruction                        | <u>2,500</u>               |                             | <u>2,500</u>            |                | <u>2,500</u>                        |
| Total Special Education - Instruction         | <u>532,221</u>             | <u>22,020</u>               | <u>554,241</u>          | <u>504,616</u> | <u>49,625</u>                       |
| Basic Skills/Remedial - Instruction:          |                            |                             |                         |                |                                     |
| Salaries of Teachers                          |                            | 19,000                      | 19,000                  | 17,331         | 1,669                               |
| Other Salaries for Instruction                |                            | 17,980                      | 17,980                  | 16,282         | 1,698                               |
| General Supplies                              |                            | 1,000                       | 1,000                   | 271            | 729                                 |
| Total Basic Skills/Remedial - Instruction     |                            | <u>37,980</u>               | <u>37,980</u>           | <u>33,884</u>  | <u>4,096</u>                        |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                                   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|-------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| EXPENDITURES:                                                     |                            |                             |                         |                  |                                     |
| CURRENT EXPENSE:                                                  |                            |                             |                         |                  |                                     |
| School-Sponsored Cocurricular/Extracurricular - Instruction:      |                            |                             |                         |                  |                                     |
| Salaries                                                          | \$ 25,000                  | \$ (2,500)                  | \$ 22,500               | \$ 22,343        | \$ 157                              |
| Supplies and Materials                                            | 500                        |                             | 500                     |                  | 500                                 |
| Transfer to Cover Deficit (Agency Funds) - Board Subsidy          | 5,000                      | 5,000                       | 10,000                  | 5,220            | 4,780                               |
| Total School-Sponsored Cocurricular/Extracurricular - Instruction | <u>30,500</u>              | <u>2,500</u>                | <u>33,000</u>           | <u>27,563</u>    | <u>5,437</u>                        |
| School-Sponsored Cocurricular Athletics - Instruction:            |                            |                             |                         |                  |                                     |
| Salaries                                                          | 20,000                     | (2,500)                     | 17,500                  | 12,965           | 4,535                               |
| Supplies and Materials                                            | 500                        |                             | 500                     | 471              | 29                                  |
| Total School-Sponsored Cocurricular Athletics - Instruction       | <u>20,500</u>              | <u>(2,500)</u>              | <u>18,000</u>           | <u>13,436</u>    | <u>4,564</u>                        |
| Total Instruction                                                 | <u>2,367,695</u>           | <u>3,000</u>                | <u>2,370,695</u>        | <u>2,217,171</u> | <u>153,524</u>                      |
| Undistributed Expenditures:                                       |                            |                             |                         |                  |                                     |
| Instruction:                                                      |                            |                             |                         |                  |                                     |
| Tuition to Other LEAs Within the State - Special                  |                            | 152,000                     | 152,000                 | 57,161           | 94,839                              |
| Tuition to Private Schools for the Handicapped - Within State     | 175,771                    | (102,000)                   | 73,771                  | 66,473           | 7,298                               |
| Total Undistributed Expenditures - Instruction                    | <u>175,771</u>             | <u>50,000</u>               | <u>225,771</u>          | <u>123,634</u>   | <u>102,137</u>                      |
| Attendance & Social Work:                                         |                            |                             |                         |                  |                                     |
| Salaries                                                          | 24,805                     | 9,000                       | 33,805                  | 32,372           | 1,433                               |
| Total Attendance & Social Work                                    | <u>24,805</u>              | <u>9,000</u>                | <u>33,805</u>           | <u>32,372</u>    | <u>1,433</u>                        |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|---------------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| EXPENDITURES:                                     |                            |                             |                         |                |                                     |
| CURRENT EXPENSE:                                  |                            |                             |                         |                |                                     |
| Guidance:                                         |                            |                             |                         |                |                                     |
| Salaries of Other Professional Staff              | \$ 59,905                  |                             | \$ 59,905               | \$ 59,905      |                                     |
| Supplies and Materials                            | 500                        |                             | 500                     | 375            | \$ 125                              |
| Total Guidance                                    | <u>60,405</u>              |                             | <u>60,405</u>           | <u>60,280</u>  | <u>125</u>                          |
| Health Services:                                  |                            |                             |                         |                |                                     |
| Salaries                                          | 70,695                     | \$ 2,000                    | 72,695                  | 72,580         | 115                                 |
| Purchased Professional and Technical Services     |                            | 10,000                      | 10,000                  | 6,344          | 3,656                               |
| Other Purchased Services (400-500 series)         | 4,200                      |                             | 4,200                   | 3,243          | 957                                 |
| Supplies and Materials                            | 3,000                      | 3,000                       | 6,000                   | 4,474          | 1,526                               |
| Total Health Services                             | <u>77,895</u>              | <u>15,000</u>               | <u>92,895</u>           | <u>86,641</u>  | <u>6,254</u>                        |
| Speech, OT, PT and Related Services:              |                            |                             |                         |                |                                     |
| Salaries                                          | 60,135                     |                             | 60,135                  | 56,060         | 4,075                               |
| Purchased Professional - Educational Services     | 120,000                    | (14,000)                    | 106,000                 | 3,052          | 102,948                             |
| Supplies and Materials                            | 3,000                      |                             | 3,000                   | 559            | 2,441                               |
| Total Speech, OT, PT and Related Services         | <u>183,135</u>             | <u>(14,000)</u>             | <u>169,135</u>          | <u>59,671</u>  | <u>109,464</u>                      |
| Child Study Team:                                 |                            |                             |                         |                |                                     |
| Salaries of Other Professional Staff              | 146,048                    | (500)                       | 145,548                 | 134,947        | 10,601                              |
| Salaries of Secretarial and Clerical Assistants   | 49,150                     | 500                         | 49,650                  | 49,150         | 500                                 |
| Purchased Professional - Educational Services     | 3,500                      |                             | 3,500                   | 2,120          | 1,380                               |
| Other Purchased Professional-Technical Services   | 400                        |                             | 400                     |                | 400                                 |
| Miscellaneous Purchased Services (400-500 series) | 100                        |                             | 100                     |                | 100                                 |
| Supplies and Materials                            | 1,500                      |                             | 1,500                   | 561            | 939                                 |
| Other Objects                                     | 200                        |                             | 200                     | 100            | 100                                 |
| Total Child Study Team                            | <u>200,898</u>             |                             | <u>200,898</u>          | <u>186,878</u> | <u>14,020</u>                       |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                 | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|-------------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| EXPENDITURES:                                   |                            |                             |                         |                |                                     |
| CURRENT EXPENSE:                                |                            |                             |                         |                |                                     |
| Educational Media Services/School Library:      |                            |                             |                         |                |                                     |
| Salaries                                        | \$ 21,078                  |                             | \$ 21,078               | \$ 19,328      | \$ 1,750                            |
| Purchased Professional and Technical Services   | 1,500                      |                             | 1,500                   |                | 1,500                               |
| Supplies and Materials                          | 5,000                      |                             | 5,000                   | 4,973          | 27                                  |
| Total Educational Media Services/School Library | <u>27,578</u>              |                             | <u>27,578</u>           | <u>24,301</u>  | <u>3,277</u>                        |
| Instructional Staff Training Services:          |                            |                             |                         |                |                                     |
| Purchased Professional - Educational Services   | 9,000                      | \$ (1,100)                  | 7,900                   | 1,100          | 6,800                               |
| Other Purchased Services (400-500 series)       | 8,000                      | 1,100                       | 9,100                   | 4,939          | 4,161                               |
| Total Instructional Staff Training Services     | <u>17,000</u>              |                             | <u>17,000</u>           | <u>6,039</u>   | <u>10,961</u>                       |
| Support Services - General Administration:      |                            |                             |                         |                |                                     |
| Salaries                                        | 158,786                    | 3,000                       | 161,786                 | 161,022        | 764                                 |
| Legal Services                                  | 10,000                     | 5,000                       | 15,000                  | 7,352          | 7,648                               |
| Audit Fees                                      | 23,000                     | 1,000                       | 24,000                  | 23,409         | 591                                 |
| Architectural/Engineering Services              | 5,000                      | 4,500                       | 9,500                   | 3,056          | 6,444                               |
| Other Purchased Professional Services           | 6,800                      | 2,000                       | 8,800                   | 8,327          | 473                                 |
| Communications/Telephone                        | 15,500                     |                             | 15,500                  | 11,650         | 3,850                               |
| BOE Other Purchased Services                    | 3,500                      |                             | 3,500                   | 1,926          | 1,574                               |
| Other Purchased Services (400-500 series)       | 17,900                     | 2,000                       | 19,900                  | 15,228         | 4,672                               |
| General Supplies - Board                        | 1,900                      | 6,500                       | 8,400                   | 8,002          | 398                                 |
| BOE In-House Training/ Meeting Supplies         | 100                        |                             | 100                     |                | 100                                 |
| Miscellaneous Expenditures                      | 6,000                      |                             | 6,000                   | 4,282          | 1,718                               |
| BOE Membership Dues and Fees                    | 6,000                      | 1,000                       | 7,000                   | 6,700          | 300                                 |
| Total Support Services - General Administration | <u>254,486</u>             | <u>25,000</u>               | <u>279,486</u>          | <u>250,954</u> | <u>28,532</u>                       |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                   | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|---------------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| EXPENDITURES:                                     |                            |                             |                         |                |                                     |
| CURRENT EXPENSE:                                  |                            |                             |                         |                |                                     |
| Support Services - School Administration:         |                            |                             |                         |                |                                     |
| Salaries of Principals/Assistant Principals       | \$ 79,050                  |                             | \$ 79,050               | \$ 79,050      |                                     |
| Other Purchased Services (400-500 series)         | 1,000                      |                             | 1,000                   | 318            | \$ 682                              |
| Supplies and Materials                            | 1,500                      | \$ 8,000                    | 9,500                   | 1,779          | 7,721                               |
| Other Objects                                     | 2,000                      |                             | 2,000                   | 820            | 1,180                               |
| Total Support Services - School Administration    | <u>83,550</u>              | <u>8,000</u>                | <u>91,550</u>           | <u>81,967</u>  | <u>9,583</u>                        |
| Central Services:                                 |                            |                             |                         |                |                                     |
| Salaries                                          | 58,681                     | 5,000                       | 63,681                  | 63,074         | 607                                 |
| Purchased Professional Services                   | 38,000                     |                             | 38,000                  | 38,000         |                                     |
| Purchased Technical Services                      | 12,000                     | (800)                       | 11,200                  | 11,068         | 132                                 |
| Miscellaneous Purchased Services (400-500 series) | 1,000                      |                             | 1,000                   | 84             | 916                                 |
| Supplies and Materials                            | 5,000                      | 6,800                       | 11,800                  | 11,787         | 13                                  |
| Miscellaneous Expenditures                        | 500                        |                             | 500                     |                | 500                                 |
| Total Central Services                            | <u>115,181</u>             | <u>11,000</u>               | <u>126,181</u>          | <u>124,013</u> | <u>2,168</u>                        |
| Required Maintenance of School Facilities:        |                            |                             |                         |                |                                     |
| Cleaning, Repair and Maintenance Services         | 95,000                     | 95,000                      | 190,000                 | 187,997        | 2,003                               |
| Total Required Maintenance of School Facilities   | <u>95,000</u>              | <u>95,000</u>               | <u>190,000</u>          | <u>187,997</u> | <u>2,003</u>                        |
| Custodial Services:                               |                            |                             |                         |                |                                     |
| Salaries                                          | 225,981                    | 1,000                       | 226,981                 | 221,520        | 5,461                               |
| Purchased Professional and Technical Services     | 52,500                     |                             | 52,500                  | 46,005         | 6,495                               |
| Cleaning, Repair and Maintenance Services         | 50,500                     | (30,000)                    | 20,500                  | 18,517         | 1,983                               |
| Other Purchased Property Services                 | 12,000                     |                             | 12,000                  | 10,506         | 1,494                               |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                              | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Final to Actual</u> |
|--------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| <b>EXPENDITURES:</b>                                         |                            |                             |                         |                |                                     |
| <b>CURRENT EXPENSE:</b>                                      |                            |                             |                         |                |                                     |
| Custodial Services (Cont'd):                                 |                            |                             |                         |                |                                     |
| Insurance                                                    | \$ 30,000                  | \$ (1,000)                  | \$ 29,000               | \$ 27,338      | \$ 1,662                            |
| Miscellaneous Purchased Services                             | 2,000                      |                             | 2,000                   | 1,141          | 859                                 |
| General Supplies                                             | 50,000                     | (20,000)                    | 30,000                  | 29,040         | 960                                 |
| Energy (Gasoline)                                            | 1,000                      |                             | 1,000                   | 1,000          |                                     |
| Energy (Electricity)                                         | 80,500                     | (20,000)                    | 60,500                  | 56,454         | 4,046                               |
| Energy (Natural Gas)                                         | 50,000                     |                             | 50,000                  | 40,614         | 9,386                               |
| <b>Total Custodial Services</b>                              | <b>554,481</b>             | <b>(70,000)</b>             | <b>484,481</b>          | <b>452,135</b> | <b>32,346</b>                       |
| Care & Upkeep of Grounds:                                    |                            |                             |                         |                |                                     |
| Salaries                                                     | 10,184                     | 100                         | 10,284                  | 10,184         | 100                                 |
| Cleaning, Repair and Maintenance Services                    | 10,000                     | 10,900                      | 20,900                  | 20,568         | 332                                 |
| General Supplies                                             | 21,000                     | (16,000)                    | 5,000                   | 1,392          | 3,608                               |
| <b>Total Care &amp; Upkeep of Grounds</b>                    | <b>41,184</b>              | <b>(5,000)</b>              | <b>36,184</b>           | <b>32,144</b>  | <b>4,040</b>                        |
| Security:                                                    |                            |                             |                         |                |                                     |
| Cleaning, Repair and Maintenance Services                    | 4,000                      |                             | 4,000                   |                | 4,000                               |
| <b>Total Security</b>                                        | <b>4,000</b>               |                             | <b>4,000</b>            |                | <b>4,000</b>                        |
| Student Transportation Services:                             |                            |                             |                         |                |                                     |
| Salaries:                                                    |                            |                             |                         |                |                                     |
| Between Home and School- Special Education                   | 3,115                      |                             | 3,115                   | 3,115          |                                     |
| Between Home and School- Nonpublic Schools                   | 8,000                      |                             | 8,000                   | 3,241          | 4,759                               |
| Other than Between Home and School                           | 3,115                      | 623                         | 3,738                   | 3,638          | 100                                 |
| Management Fee - ESC & CTSA Transportation Program           | 3,638                      | (423)                       | 3,215                   | 3,115          | 100                                 |
| Contracted Services: Other Between Home and School - Vendors | 15,000                     | 2,000                       | 17,000                  | 16,796         | 204                                 |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                                | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|----------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| EXPENDITURES:                                                  |                            |                             |                         |                  |                                     |
| CURRENT EXPENSE:                                               |                            |                             |                         |                  |                                     |
| Student Transportation Services (Cont'd):                      |                            |                             |                         |                  |                                     |
| Contracted Services: Regular Students - ESC and CTSA           | \$ 45,000                  | \$ (2,200)                  | \$ 42,800               | \$ 22,639        | \$ 20,161                           |
| Contracted Services: Special Education Students - ESC and CTSA | 142,500                    | (21,000)                    | 121,500                 | 50,864           | 70,636                              |
| Contracted Services: Aid in Lieu Payments - Nonpublic Students | 3,000                      | 1,000                       | 4,000                   | 3,536            | 464                                 |
| Total Student Transportation Services                          | <u>223,368</u>             | <u>(20,000)</u>             | <u>203,368</u>          | <u>106,944</u>   | <u>96,424</u>                       |
| Unallocated Benefits:                                          |                            |                             |                         |                  |                                     |
| Group Insurance                                                | 53,122                     |                             | 53,122                  | 33,272           | 19,850                              |
| Social Security Contributions                                  | 71,000                     |                             | 71,000                  | 59,423           | 11,577                              |
| Other Retirement Contributions - PERS                          | 63,800                     |                             | 63,800                  | 38,409           | 25,391                              |
| Other Retirement Contributions - Regular                       | 12,000                     |                             | 12,000                  | 10,429           | 1,571                               |
| Unemployment Compensation                                      | 13,000                     |                             | 13,000                  | 11,949           | 1,051                               |
| Workmen's Compensation                                         | 39,000                     |                             | 39,000                  | 28,345           | 10,655                              |
| Health Benefits                                                | 816,173                    | (91,000)                    | 725,173                 | 588,174          | 136,999                             |
| Tuition Reimbursement                                          | 15,000                     |                             | 15,000                  |                  | 15,000                              |
| Other Employee Benefits                                        | 43,000                     | 20,000                      | 63,000                  | 53,039           | 9,961                               |
| Total Unallocated Benefits                                     | <u>1,126,095</u>           | <u>(71,000)</u>             | <u>1,055,095</u>        | <u>823,040</u>   | <u>232,055</u>                      |
| On-Behalf Payments                                             |                            |                             |                         |                  |                                     |
| On-Behalf TPAF Pension Contribution (Non-Budgeted)             |                            |                             |                         | 123,672          | (123,672)                           |
| On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted) |                            |                             |                         | 196,329          | (196,329)                           |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted)   |                            |                             |                         | 168,125          | (168,125)                           |
| Total On-Behalf Payments                                       |                            |                             |                         | <u>488,126</u>   | <u>(488,126)</u>                    |
| Total Undistributed Expenditures                               | <u>3,264,832</u>           | <u>33,000</u>               | <u>3,297,832</u>        | <u>3,127,136</u> | <u>170,696</u>                      |
| TOTAL CURRENT EXPENSE                                          | <u>5,632,527</u>           | <u>36,000</u>               | <u>5,668,527</u>        | <u>5,344,307</u> | <u>324,220</u>                      |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                          | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|----------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| <b>CAPITAL OUTLAY:</b>                                   |                            |                             |                         |                  |                                     |
| Equipment:                                               |                            |                             |                         |                  |                                     |
| Central Services                                         |                            |                             |                         |                  |                                     |
| General Administration                                   |                            | \$ 12,000                   | \$ 12,000               | \$ 11,822        | \$ 178                              |
| Required Maintenance for School Facilities               |                            | 4,000                       | 4,000                   | 3,570            | 430                                 |
| Care and Upkeep of Grounds                               |                            | 3,000                       | 3,000                   | 2,627            | 373                                 |
| Non-Instructional Services                               |                            | 8,000                       | 8,000                   | 6,952            | 1,048                               |
| Total Equipment                                          |                            | <u>27,000</u>               | <u>27,000</u>           | <u>24,971</u>    | <u>2,029</u>                        |
| Facilities Acquisition and Construction Services:        |                            |                             |                         |                  |                                     |
| Architectural Services                                   |                            | 32,745                      | 32,745                  | 32,745           |                                     |
| Construction Services                                    | 225,000                    | 83,821                      | 308,821                 | 307,703          | 1,118                               |
| Assessment for Debt Service on SDA Funding               | 24,130                     |                             | 24,130                  | 24,130           |                                     |
| Total Facilities Acquisition and Construction Services   | <u>249,130</u>             | <u>116,566</u>              | <u>365,696</u>          | <u>364,578</u>   | <u>1,118</u>                        |
| Total Capital Outlay                                     | <u>249,130</u>             | <u>143,566</u>              | <u>392,696</u>          | <u>389,549</u>   | <u>3,147</u>                        |
| Transfer of Funds to Charter Schools                     | <u>138,000</u>             | <u>(63,000)</u>             | <u>75,000</u>           | <u>25,071</u>    | <u>49,929</u>                       |
| <b>TOTAL EXPENDITURES</b>                                | <u>6,019,657</u>           | <u>116,566</u>              | <u>6,136,223</u>        | <u>5,758,927</u> | <u>377,296</u>                      |
| Excess/(Deficiency) of Revenue Over/(Under) Expenditures | <u>(564,646)</u>           | <u>(116,566)</u>            | <u>(681,212)</u>        | <u>290,162</u>   | <u>216,782</u>                      |
| Other Financing Sources/(Uses):                          |                            |                             |                         |                  |                                     |
| Operating Transfers In/Out:                              |                            |                             |                         |                  |                                     |
| Transfer to Food Service Fund                            | (10,000)                   |                             | (10,000)                |                  | 10,000                              |
| Transfer from Capital Projects Fund                      |                            |                             |                         | 39,910           | 39,910                              |
| Total Other Financing Sources/(Uses)                     | <u>(10,000)</u>            |                             | <u>(10,000)</u>         | <u>39,910</u>    | <u>49,910</u>                       |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                                                                                    | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|--------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|-----------------|--------------|-----------------------------|
| Excess/ (Deficiency) of Revenues and Other Financing Sources Over/(Under)<br>Expenditures and Other Financing Uses | \$ (574,646)       | \$ (116,566)        | \$ (691,212)    | \$ 330,072   | \$ 1,021,284                |
| Fund Balance, July 1                                                                                               | 1,837,653          |                     | 1,837,653       | 1,837,653    |                             |
| Fund Balance, June 30                                                                                              | \$ 1,263,007       | \$ (116,566)        | \$ 1,146,441    | \$ 2,167,725 | \$ 1,021,284                |
| <u>Recapitulation:</u>                                                                                             |                    |                     |                 |              |                             |
| Restricted Fund Balances:                                                                                          |                    |                     |                 |              |                             |
| Capital Reserve                                                                                                    |                    |                     |                 | \$ 788,070   |                             |
| Excess Surplus - For Subsequent Year's Expenditures                                                                |                    |                     |                 | 474,159      |                             |
| Excess Surplus - Current Year                                                                                      |                    |                     |                 | 494,410      |                             |
| Assigned Fund Balance:                                                                                             |                    |                     |                 |              |                             |
| For Subsequent Year's Expenditures                                                                                 |                    |                     |                 | 149,048      |                             |
| For Subsequent Year's Expenditures - SEMI/ARRA                                                                     |                    |                     |                 | 3,624        |                             |
| Unassigned                                                                                                         |                    |                     |                 | 258,414      |                             |
|                                                                                                                    |                    |                     |                 | 2,167,725    |                             |
| Reconciliation to Governmental Funds Statements (GAAP):                                                            |                    |                     |                 |              |                             |
| Last State Aid Payments not Recognized on GAAP Basis                                                               |                    |                     |                 | (159,974)    |                             |
| Fund Balance per Governmental Funds (GAAP)                                                                         |                    |                     |                 | \$ 2,007,751 |                             |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                             | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final to Actual</u> |
|---------------------------------------------|----------------------------|-----------------------------|-------------------------|-------------------|-------------------------------------|
| Revenue:                                    |                            |                             |                         |                   |                                     |
| Local Sources                               |                            | \$ 4,400                    | \$ 4,400                | \$ 4,400          |                                     |
| Federal Sources                             | \$ 62,208                  | 66,507.00                   | 128,715.00              | 117,288           | \$ 11,427                           |
| Total Revenue                               | <u>62,208</u>              | <u>70,907</u>               | <u>133,115</u>          | <u>121,688</u>    | <u>11,427</u>                       |
| Expenditures:                               |                            |                             |                         |                   |                                     |
| Instruction:                                |                            |                             |                         |                   |                                     |
| Other Salaries for Instruction              | 17,676                     | 16,059                      | 33,735                  | 33,735            |                                     |
| Total Instruction                           | <u>17,676</u>              | <u>16,059</u>               | <u>33,735</u>           | <u>33,735</u>     |                                     |
| Support Services:                           |                            |                             |                         |                   |                                     |
| Purchased Professional/Educational Services | 44,532                     | 43,474                      | 88,006                  | 77,261            | 10,745                              |
| Other Purchased Services (400-500 Series)   |                            | 6,974                       | 6,974                   | 6,292             | 682                                 |
| Other Objects                               |                            | 4,400                       | 4,400                   | 4,400             |                                     |
| Total Support Services                      | <u>44,532</u>              | <u>54,848</u>               | <u>99,380</u>           | <u>87,953</u>     | <u>11,427</u>                       |
| Total Expenditures                          | <u>\$ 62,208</u>           | <u>\$ 70,907</u>            | <u>\$ 133,115</u>       | <u>\$ 121,688</u> | <u>\$ 11,427</u>                    |

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

|                                                                                                                                | General<br>Fund | Special<br>Revenue<br>Fund |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------|
| Sources/Inflows of Resources:                                                                                                  |                 |                            |
| Actual Amounts (Budgetary Basis) "Revenue"<br>from the Budgetary Comparison Schedule                                           | \$ 6,049,089    | \$ 121,688                 |
| Differences - Budget to GAAP:                                                                                                  |                 |                            |
| Prior Year State Aid Payment Recognized for GAAP Statements                                                                    | 159,410         |                            |
| Current Year State Aid Payments Recognized for Budgetary Purposes,<br>not Recognized for GAAP Statements                       | (159,974)       |                            |
| Total Revenues as Reported on the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds     | \$ 6,048,525    | \$ 121,688                 |
| Uses/Outflows of Resources:                                                                                                    |                 |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule                                    | \$ 5,758,927    | \$ 121,688                 |
| Total Expenditures as Reported on the Statement of Revenue,<br>Expenditures, and Changes in Fund Balances - Governmental Funds | \$ 5,758,927    | \$ 121,688                 |

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6:20-2A.2(m)l. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HAMBURG BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                             | <u>No Child Left Behind</u> |                   |                                 |                              |                                  | <u>NJSIG<br/>Grant</u> | <u>Totals<br/>June 30, 2015</u> |
|---------------------------------------------|-----------------------------|-------------------|---------------------------------|------------------------------|----------------------------------|------------------------|---------------------------------|
|                                             | <u>Title I</u>              | <u>Title II A</u> | <u>Title II A<br/>Carryover</u> | <u>IDEA Part B<br/>Basic</u> | <u>IDEA Part B<br/>Preschool</u> |                        |                                 |
| REVENUE:                                    |                             |                   |                                 |                              |                                  |                        |                                 |
| Local Sources                               |                             |                   |                                 |                              |                                  | \$ 4,400               | \$ 4,400                        |
| Federal Sources                             | \$ 33,735                   | \$ 9,686          | \$ 1,995                        | \$ 67,655                    | \$ 4,217                         |                        | 117,288                         |
| Total Revenue                               | <u>33,735</u>               | <u>9,686</u>      | <u>1,995</u>                    | <u>67,655</u>                | <u>4,217</u>                     | <u>4,400</u>           | <u>121,688</u>                  |
| EXPENDITURES:                               |                             |                   |                                 |                              |                                  |                        |                                 |
| Instruction:                                |                             |                   |                                 |                              |                                  |                        |                                 |
| Other Salaries for Instruction              | 33,735                      |                   |                                 |                              |                                  |                        | 33,735                          |
| Total Instruction                           | <u>33,735</u>               |                   |                                 |                              |                                  |                        | <u>33,735</u>                   |
| Support Services:                           |                             |                   |                                 |                              |                                  |                        |                                 |
| Purchased Professional/Educational Services |                             | 4,568             | 821                             | 67,655                       | 4,217                            |                        | 77,261                          |
| Other Purchased Services (400-500 Series)   |                             | 5,118             | 1,174                           |                              |                                  |                        | 6,292                           |
| Other Objects                               |                             |                   |                                 |                              |                                  | 4,400                  | 4,400                           |
| Total Support Services                      |                             | <u>9,686</u>      | <u>1,995</u>                    | <u>67,655</u>                | <u>4,217</u>                     | <u>4,400</u>           | <u>87,953</u>                   |
| Total Expenditures                          | <u>\$ 33,735</u>            | <u>\$ 9,686</u>   | <u>\$ 1,995</u>                 | <u>\$ 67,655</u>             | <u>\$ 4,217</u>                  | <u>\$ 4,400</u>        | <u>\$ 121,688</u>               |

CAPITAL PROJECTS FUND

Exhibit F-1

HAMBURG BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

|                                                                                                                     |                 |
|---------------------------------------------------------------------------------------------------------------------|-----------------|
| Expenditures:                                                                                                       |                 |
| Construction Services                                                                                               | \$ (19,797)     |
| Total Expenditures                                                                                                  | <u>(19,797)</u> |
| Excess/(Deficiency) of Revenue Over/(Under) Expenditures                                                            | 19,797          |
| Other Financing Sources/(Uses):                                                                                     |                 |
| Prior Year Accounts Payable Cancelled                                                                               | 12,650          |
| Operating Transfers Out - Capital Reserve                                                                           | (39,910)        |
| Operating Transfers Out - Debt Service Fund                                                                         | <u>(12,650)</u> |
| Total Other Financing Sources/(Uses)                                                                                | <u>(39,910)</u> |
| Excess/(Deficiency) of Revenues and Other Financing Sources<br>Over/(Under) Expenditures and Other Financing (Uses) | (20,113)        |
| Fund Balance - Beginning Balance                                                                                    | <u>20,113</u>   |
| Fund Balance - Ending Balance                                                                                       | <u>\$ - 0 -</u> |
| <u>Recapitulation:</u>                                                                                              |                 |
| Restricted Fund Balance                                                                                             | <u>\$ - 0 -</u> |

Exhibit F-1a

HAMBURG BOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES, AND PROJECT STATUS  
BUDGETARY BASIS  
HAMBURG ELEMENTARY SCHOOL GYM FLOOR REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                                                                      | Prior<br>Periods | Current<br>Year    | Total           | Revised<br>Authorized<br>Cost |
|--------------------------------------------------------------------------------------|------------------|--------------------|-----------------|-------------------------------|
| Revenue and Other Financing Sources:                                                 |                  |                    |                 |                               |
| Transfer from Capital Reserve                                                        | \$ 300,000       | \$ (39,910)        | \$ 260,090      | \$ 260,090                    |
| Total Revenues and Other Financing Sources                                           | <u>300,000</u>   | <u>(39,910)</u>    | <u>260,090</u>  | <u>260,090</u>                |
| Expenditures:                                                                        |                  |                    |                 |                               |
| Construction Services                                                                | 279,887          | (19,797)           | 260,090         | 260,090                       |
| Total Expenditures                                                                   | <u>279,887</u>   | <u>(19,797)</u>    | <u>260,090</u>  | <u>260,090</u>                |
| Excess (Deficit) of Revenue and Other<br>Financing Sources Over (Under) Expenditures | <u>\$ 20,113</u> | <u>\$ (20,113)</u> | <u>\$ - 0 -</u> | <u>\$ - 0 -</u>               |

**Additional Project Information:**

|                                                      |                   |
|------------------------------------------------------|-------------------|
| Project Numbers                                      | N/A               |
| Grant Date                                           | N/A               |
| Bond Authorization Date                              | N/A               |
| Bonds Authorized                                     | N/A               |
| Bonds Issued                                         | N/A               |
| Original Authorized Cost                             | \$ 300,000        |
| Cancelled - Capital Reserve                          | <u>(39,910)</u>   |
| Revised Authorized Cost                              | <u>\$ 260,090</u> |
| Percentage Increase over Original<br>Authorized Cost | 0.00%             |
| Percentage Completion                                | 100.00%           |
| Original Target Completion Date                      | 09/01/14          |
| Revised Target Completion Date                       | 09/01/14          |

PROPRIETARY FUNDS

Exhibit G-1

HAMBURG BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2015

## ASSETS:

## Current Assets:

|                                        |              |
|----------------------------------------|--------------|
| Cash and Cash Equivalents              | \$ 11,941    |
| Intergovernmental Accounts Receivable: |              |
| Federal                                | 3,413        |
| State                                  | 112          |
| Inventories                            | <u>1,704</u> |

|                      |               |
|----------------------|---------------|
| Total Current Assets | <u>17,170</u> |
|----------------------|---------------|

## Non-Current Assets:

## Capital Assets:

|                                          |               |
|------------------------------------------|---------------|
| Depreciable Furniture and Equipment, Net | <u>21,573</u> |
|------------------------------------------|---------------|

|                          |               |
|--------------------------|---------------|
| Total Non-Current Assets | <u>21,573</u> |
|--------------------------|---------------|

|              |               |
|--------------|---------------|
| Total Assets | <u>38,743</u> |
|--------------|---------------|

## LIABILITIES:

## Current Liabilities:

|                            |            |
|----------------------------|------------|
| Accounts Payable - Vendors | 5,210      |
| Unearned Revenue           | <u>434</u> |

|                   |              |
|-------------------|--------------|
| Total Liabilities | <u>5,644</u> |
|-------------------|--------------|

## NET POSITION:

|                                  |               |
|----------------------------------|---------------|
| Net Investment in Capital Assets | 21,573        |
| Unrestricted                     | <u>11,526</u> |

|                    |                         |
|--------------------|-------------------------|
| Total Net Position | <u><u>\$ 33,099</u></u> |
|--------------------|-------------------------|

Exhibit G-2

HAMBURG BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                         |             |
|-----------------------------------------|-------------|
| Operating Revenue:                      |             |
| Local Sources:                          |             |
| Daily Sales - Reimbursable Programs     | \$ 36,345   |
| Daily Sales - Non-Reimbursable Programs | 13,442      |
|                                         | <hr/>       |
| Total Operating Revenue                 | 49,787      |
|                                         | <hr/>       |
| Operating Expenses:                     |             |
| Cost of Sales                           | 54,742      |
| Salaries, Benefits & Payroll Taxes      | 34,192      |
| Supplies, Insurance & Other Costs       | 7,976       |
| Management Fee                          | 7,902       |
| Depreciation Expense                    | 4,052       |
|                                         | <hr/>       |
| Total Operating Expenses                | 108,864     |
|                                         | <hr/>       |
| Operating Loss                          | (59,077)    |
|                                         | <hr/>       |
| Non-Operating Revenue:                  |             |
| Local Sources:                          |             |
| Interest Income                         | 50          |
| State Sources:                          |             |
| State School Lunch Program              | 1,241       |
| Federal Sources:                        |             |
| National School Lunch Program           | 33,987      |
| School Breakfast Program                | 1,540       |
| Food Distribution Program               | 10,408      |
|                                         | <hr/>       |
| Total Non-Operating Revenue             | 47,226      |
|                                         | <hr/>       |
| Change in Net Position                  | (11,851)    |
|                                         | <hr/>       |
| Net Position - Beginning of Year        | 44,950      |
|                                         | <hr/>       |
| Net Position - End of Year              | \$ 33,099   |
|                                         | <hr/> <hr/> |

Exhibit G-3

HAMBURG BOROUGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                                                               |             |
|-------------------------------------------------------------------------------|-------------|
| Cash Flows from Operating Activities:                                         |             |
| Receipts from Customers                                                       | \$ 49,787   |
| Payments to Employees                                                         | (34,192)    |
| Payments to Food Service Vendor                                               | (46,939)    |
| Payments to Suppliers                                                         | (7,976)     |
|                                                                               | (39,320)    |
| Net Cash Used for Operating Activities                                        |             |
| Cash Flows from Capital and Related Financing Activities:                     |             |
| Acquisition of Equipment                                                      | (2,854)     |
|                                                                               | (2,854)     |
| Net Cash Used for Capital and Related Financing Activities                    |             |
| Cash Flows from Noncapital Financing Activities:                              |             |
| Local Sources:                                                                |             |
| Interest Revenue                                                              | 50          |
| State Sources:                                                                |             |
| State School Lunch Program                                                    | 1,215       |
| Federal Sources:                                                              |             |
| National School Lunch Program                                                 | 33,060      |
| School Breakfast Program                                                      | 1,522       |
|                                                                               | 35,847      |
| Net Cash Provided by Noncapital Financing Activities                          |             |
| Net Decrease in Cash and Cash Equivalents                                     |             |
|                                                                               | (6,327)     |
| Cash and Cash Equivalents, July 1                                             |             |
|                                                                               | 18,268      |
| Cash and Cash Equivalents, June 30                                            |             |
|                                                                               | \$ 11,941   |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities:   |             |
| Operating Loss                                                                | \$ (59,077) |
| Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities: |             |
| Depreciation                                                                  | 4,052       |
| Food Distribution Program                                                     | 10,408      |
| Changes in Assets and Liabilities:                                            |             |
| (Increase)/Decrease in Inventory                                              | 97          |
| Increase/(Decrease) in Unearned Revenue                                       | (10)        |
| Increase/(Decrease) in Accounts Payable                                       | 5,210       |
|                                                                               | (39,320)    |
| Net Cash Used for Operating Activities                                        |             |
|                                                                               | \$ (39,320) |

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$10,398 and used \$10,408 of those commodities during the fiscal year.

FIDUCIARY FUNDS

Exhibit H-1

HAMBURG BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

|                                            | <u>Agency<br/>Student<br/>Activities</u> | <u>Flexible<br/>Spending Trust</u> |
|--------------------------------------------|------------------------------------------|------------------------------------|
| ASSETS:                                    |                                          |                                    |
| Cash and Cash Equivalents                  | <u>\$ 10,969</u>                         | <u>\$ 919</u>                      |
| Total Assets                               | <u>10,969</u>                            | <u>919</u>                         |
| LIABILITIES:                               |                                          |                                    |
| Due to Student Groups                      | <u>10,969</u>                            |                                    |
| Total Liabilities                          | <u>10,969</u>                            | <u>- 0 -</u>                       |
| NET POSITION:                              |                                          |                                    |
| Held in Trust for Flexible Spending Claims |                                          | <u>919</u>                         |
| TOTAL NET POSITION                         | <u>\$ - 0 -</u>                          | <u>\$ 919</u>                      |

## Exhibit H-2

HAMBURG BOROUGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                    | <u>Flexible<br/>Spending<br/>Trust</u> |
|------------------------------------|----------------------------------------|
| Additions:                         |                                        |
| Contributions:                     |                                        |
| Plan Contributions                 | \$ 17,380                              |
| Total Contributions                | <u>17,380</u>                          |
| Investment Earnings:               |                                        |
| Interest                           | <u>14</u>                              |
| Net Investment Earnings            | <u>14</u>                              |
| Total Additions                    | <u>17,394</u>                          |
| Deductions:                        |                                        |
| Flexible Spending Claims           | <u>16,865</u>                          |
| Total Deductions                   | <u>16,865</u>                          |
| Change in Net Position             | 529                                    |
| Net Position—Beginning of the Year | <u>390</u>                             |
| Net Position—End of the Year       | <u><u>\$ 919</u></u>                   |

Exhibit H-3

HAMBURG BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                           | <u>Balance</u><br><u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2015</u> |
|---------------------------|---------------------------------------|------------------|------------------|----------------------------------------|
| <u>ASSETS:</u>            |                                       |                  |                  |                                        |
| Cash and Cash Equivalents | \$ 8,541                              | \$ 43,629        | \$ 41,201        | \$ 10,969                              |
| Total Assets              | <u>\$ 8,541</u>                       | <u>\$ 43,629</u> | <u>\$ 41,201</u> | <u>\$ 10,969</u>                       |
| <br><u>LIABILITIES:</u>   |                                       |                  |                  |                                        |
| Liabilities:              |                                       |                  |                  |                                        |
| Due to Student Groups     | \$ 8,541                              | \$ 43,629        | \$ 41,201        | \$ 10,969                              |
| Total Liabilities         | <u>\$ 8,541</u>                       | <u>\$ 43,629</u> | <u>\$ 41,201</u> | <u>\$ 10,969</u>                       |

Exhibit H-4

HAMBURG BOROUGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                     | <u>Balance</u><br><u>July 1, 2014</u> | <u>Cash</u><br><u>Receipts</u> | <u>Cash</u><br><u>Disbursements</u> | <u>Balance</u><br><u>June 30, 2015</u> |
|---------------------|---------------------------------------|--------------------------------|-------------------------------------|----------------------------------------|
| Elementary Schools: |                                       |                                |                                     |                                        |
| Hamburg School      | \$ 8,541                              | \$ 43,629                      | \$ 41,201                           | \$ 10,969                              |
| Total All Schools   | <u>\$ 8,541</u>                       | <u>\$ 43,629</u>               | <u>\$ 41,201</u>                    | <u>\$ 10,969</u>                       |

Exhibit H-5

HAMBURG BOROUGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

|                                     | <u>Balance</u><br><u>July 1, 2014</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance</u><br><u>June 30, 2015</u> |
|-------------------------------------|---------------------------------------|---------------------|---------------------|----------------------------------------|
| <u>ASSETS:</u>                      |                                       |                     |                     |                                        |
| Cash and Cash Equivalents           | \$ - 0 -                              | \$ 1,446,178        | \$ 1,446,178        | \$ - 0 -                               |
| Total Assets                        | <u>\$ - 0 -</u>                       | <u>\$ 1,446,178</u> | <u>\$ 1,446,178</u> | <u>\$ - 0 -</u>                        |
| <br><u>LIABILITIES:</u>             |                                       |                     |                     |                                        |
| Payroll Deductions and Withholdings | \$ - 0 -                              | \$ 1,446,178        | \$ 1,446,178        | \$ - 0 -                               |
| Total Liabilities                   | <u>\$ - 0 -</u>                       | <u>\$ 1,446,178</u> | <u>\$ 1,446,178</u> | <u>\$ - 0 -</u>                        |

LONG-TERM DEBT

HAMBURG BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF SERIAL BONDS

| Purpose                | Date of Issue | Original Issue | Maturities of Bonds Outstanding June 30, 2015 |            | Interest Rate | Balance July 1, 2014 | Retired or Matured | Balance June 30, 2015 |
|------------------------|---------------|----------------|-----------------------------------------------|------------|---------------|----------------------|--------------------|-----------------------|
|                        |               |                | Date                                          | Amount     |               |                      |                    |                       |
| School Refunding Bonds | 11/16/10      | \$ 1,885,000   | 09/01/15                                      | \$ 175,000 | 3.00%         | \$ 1,535,000         | \$ 170,000         | \$ 1,365,000          |
|                        |               |                | 09/01/16                                      | 180,000    | 2.00%         |                      |                    |                       |
|                        |               |                | 09/01/17                                      | 185,000    | 3.00%         |                      |                    |                       |
|                        |               |                | 09/01/18                                      | 190,000    | 4.00%         |                      |                    |                       |
|                        |               |                | 09/01/19                                      | 205,000    | 4.00%         |                      |                    |                       |
|                        |               |                | 09/01/20                                      | 210,000    | 4.00%         |                      |                    |                       |
|                        |               |                | 09/01/21                                      | 220,000    | 4.00%         |                      |                    |                       |
|                        |               |                |                                               |            |               |                      |                    |                       |
|                        |               |                |                                               |            |               | <u>\$ 1,535,000</u>  | <u>\$ 170,000</u>  | <u>\$ 1,365,000</u>   |
|                        |               |                |                                               |            |               | <u>\$ 1,535,000</u>  | <u>\$ 170,000</u>  | <u>\$ 1,365,000</u>   |

HAMBURG BOROUGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

HAMBURG BOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

|                                                                                       | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|---------------------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES:                                                                             |                            |                             |                         |                  |                                     |
| Local Sources:                                                                        |                            |                             |                         |                  |                                     |
| Local Tax Levy                                                                        | \$ 219,100                 |                             | \$ 219,100              | \$ 219,100       |                                     |
| Total Revenues                                                                        | <u>219,100</u>             |                             | <u>219,100</u>          | <u>219,100</u>   |                                     |
| EXPENDITURES:                                                                         |                            |                             |                         |                  |                                     |
| Regular Debt Service:                                                                 |                            |                             |                         |                  |                                     |
| Interest                                                                              | 49,100                     |                             | 49,100                  | 49,100           |                                     |
| Redemption of Principal                                                               | 170,000                    |                             | 170,000                 | 170,000          |                                     |
| Total Regular Debt Service                                                            | <u>219,100</u>             |                             | <u>219,100</u>          | <u>219,100</u>   |                                     |
| Total Expenditures                                                                    | <u>219,100</u>             |                             | <u>219,100</u>          | <u>219,100</u>   |                                     |
| Excess/(Deficit) of Revenues Over/(Under) Expenditures                                | <u>-0-</u>                 | <u>-0-</u>                  | <u>-0-</u>              | <u>-0-</u>       | <u>-0-</u>                          |
| Other Financing Sources:                                                              |                            |                             |                         |                  |                                     |
| Operating Transfers In - Captial Projects Fund                                        |                            |                             |                         | 12,650           | \$ 12,650                           |
| Total Other Financing Sources/(Uses)                                                  |                            |                             |                         | <u>12,650</u>    | <u>12,650</u>                       |
| Excess/(Deficit) of Revenues and Other Financing Sources<br>Over/(Under) Expenditures |                            |                             |                         | <u>12,650</u>    | <u>12,650</u>                       |
| Fund Balance, July 1                                                                  | <u>-0-</u>                 | <u>-0-</u>                  | <u>-0-</u>              | <u>-0-</u>       | <u>-0-</u>                          |
| Fund Balance, June 30                                                                 | <u>\$ -0-</u>              | <u>\$ -0-</u>               | <u>\$ -0-</u>           | <u>\$ -0-</u>    | <u>\$ -0-</u>                       |
|                                                                                       |                            |                             | Restricted              | <u>\$ 12,650</u> |                                     |

STATISTICAL SECTION

**STATISTICAL SECTION**  
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

**Contents**

**Exhibit**

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

HAMBURG BOROUGH SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

|                                                    | June 30,            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|----------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                    | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014*               | 2015                |
| <b>Governmental Activities:</b>                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                   | \$ 2,840,388        | \$ 2,832,417        | \$ 2,871,200        | \$ 2,874,230        | \$ 2,890,825        | \$ 2,856,841        | \$ 2,892,415        | \$ 3,096,442        | \$ 3,397,933        | \$ 3,775,139        |
| Restricted                                         | 100,473             | 158,579             | 90,882              | 137,712             | 218,945             | 436,349             | 735,719             | 1,275,459           | 1,458,718           | 1,769,289           |
| Unrestricted/(Deficit)                             | (136,541)           | (84,886)            | (63,005)            | (151,747)           | (56,101)            | 130,389             | 398,170             | (15,128)            | (1,233,398)         | (1,145,056)         |
| <b>Total Governmental Activities Net Position</b>  | <u>\$ 2,804,320</u> | <u>\$ 2,906,110</u> | <u>\$ 2,899,077</u> | <u>\$ 2,860,195</u> | <u>\$ 3,053,669</u> | <u>\$ 3,423,579</u> | <u>\$ 4,026,304</u> | <u>\$ 4,356,773</u> | <u>\$ 3,623,253</u> | <u>\$ 4,399,372</u> |
| <b>Business-Type Activities:</b>                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                   | \$ 43,330           | \$ 38,327           | \$ 34,765           | \$ 32,503           | \$ 27,425           | \$ 28,239           | \$ 23,059           | \$ 20,269           | \$ 22,771           | \$ 21,573           |
| Unrestricted                                       | 18,588              | 12,954              | 15,210              | 14,789              | 32,305              | 22,310              | 29,668              | 20,707              | 22,179              | 11,526              |
| <b>Total Business-Type Activities Net Position</b> | <u>\$ 61,918</u>    | <u>\$ 51,281</u>    | <u>\$ 49,975</u>    | <u>\$ 47,292</u>    | <u>\$ 59,730</u>    | <u>\$ 50,549</u>    | <u>\$ 52,727</u>    | <u>\$ 40,976</u>    | <u>\$ 44,950</u>    | <u>\$ 33,099</u>    |
| <b>District-Wide:</b>                              |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                   | \$ 2,883,718        | \$ 2,870,744        | \$ 2,905,965        | \$ 2,906,733        | \$ 2,918,250        | \$ 2,885,080        | \$ 2,915,474        | \$ 3,116,711        | \$ 3,420,704        | \$ 3,796,712        |
| Restricted                                         | 100,473             | 158,579             | 90,882              | 137,712             | 218,941             | 436,349             | 735,719             | 1,275,459           | 1,458,718           | 1,769,289           |
| Unrestricted/(Deficit)                             | (117,953)           | (71,932)            | (47,795)            | (136,958)           | (23,792)            | 152,699             | 427,838             | 5,579               | (1,211,219)         | (1,133,530)         |
| <b>Total District-Wide Net Position</b>            | <u>\$ 2,866,238</u> | <u>\$ 2,957,391</u> | <u>\$ 2,949,052</u> | <u>\$ 2,907,487</u> | <u>\$ 3,113,399</u> | <u>\$ 3,474,128</u> | <u>\$ 4,079,031</u> | <u>\$ 4,397,749</u> | <u>\$ 3,668,203</u> | <u>\$ 4,432,471</u> |

\* Restated

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

|                                         | Fiscal Year Ending June 30, |              |              |              |              |              |              |              |              |              |
|-----------------------------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                         | 2006                        | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         |
| Expenses:                               |                             |              |              |              |              |              |              |              |              |              |
| Governmental Activities:                |                             |              |              |              |              |              |              |              |              |              |
| Instruction:                            |                             |              |              |              |              |              |              |              |              |              |
| Regular                                 | \$ 1,855,902                | \$ 1,975,744 | \$ 2,111,398 | \$ 2,093,154 | \$ 2,288,982 | \$ 2,320,955 | \$ 2,553,699 | \$ 2,377,951 | \$ 2,522,801 | \$ 2,724,403 |
| Special Education                       | 597,211                     | 681,826      | 732,117      | 810,612      | 874,456      | 655,926      | 618,629      | 726,331      | 712,684      | 907,684      |
| Other Instruction                       | 116,220                     | 128,067      | 122,962      | 148,741      | 194,469      | 50,338       | 56,946       | 56,317       | 55,523       | 125,655      |
| Support Services:                       |                             |              |              |              |              |              |              |              |              |              |
| Tuition                                 | 260,488                     | 329,617      | 365,992      | 273,156      | 245,219      | 262,343      | 265,417      | 198,659      | 170,750      | 123,634      |
| Student & Instruction Related Services  | 630,681                     | 657,782      | 649,141      | 668,046      | 523,922      | 536,777      | 634,934      | 659,176      | 653,249      | 637,646      |
| General Administration Services         | 345,388                     | 315,003      | 323,320      | 319,740      | 310,582      | 265,826      | 284,687      | 297,354      | 298,296      | 293,494      |
| School Administration Services          | 166,368                     | 95,395       | 105,871      | 73,757       | 118,607      | 141,087      | 130,216      | 129,750      | 118,235      | 140,201      |
| Central Services                        | 115,133                     | 164,081      | 166,630      | 225,187      | 134,707      | 140,244      | 125,859      | 128,940      | 137,410      | 146,292      |
| Plant Operations and Maintenance        | 561,204                     | 608,345      | 654,744      | 635,197      | 622,059      | 592,027      | 677,795      | 640,188      | 708,532      | 653,529      |
| Pupil Transportation                    | 182,944                     | 196,955      | 227,770      | 180,382      | 210,267      | 154,774      | 140,986      | 122,523      | 122,289      | 109,551      |
| Interest On Long-Term Debt              | 125,324                     | 118,424      | 114,699      | 108,986      | 103,046      | 39,948       | 65,879       | 62,072       | 49,822       | 46,422       |
| Capital Outlay                          | (45,444)                    | 429          | 48,933       | 14,821       |              | 22,496       |              | 29,874       | 27,151       |              |
| Unallocated Depreciation                | 137,426                     | 141,194      | 139,457      | 128,596      | 118,957      | 118,854      | 155,480      | 165,812      | 169,730      | 227,627      |
| Charter Schools                         | 49,710                      | 93,626       | 100,174      | 95,108       | 43,626       | 32,085       | 38,292       | 130,170      | 40,815       | 25,071       |
| Total Governmental Activities Expenses  | 5,098,555                   | 5,506,488    | 5,863,208    | 5,775,483    | 5,788,899    | 5,333,680    | 5,748,819    | 5,725,117    | 5,787,287    | 6,161,210    |
| Business-Type Activities:               |                             |              |              |              |              |              |              |              |              |              |
| Food Service                            | 90,534                      | 88,884       | 84,363       | 89,149       | 92,403       | 113,263      | 111,259      | 102,433      | 102,648      | 108,864      |
| Total Business-Type Activities Expenses | 90,534                      | 88,884       | 84,363       | 89,149       | 92,403       | 113,263      | 111,259      | 102,433      | 102,648      | 108,864      |
| Total District-Wide Expenses            | \$ 5,189,089                | \$ 5,595,372 | \$ 5,947,571 | \$ 5,864,632 | \$ 5,881,302 | \$ 5,446,943 | \$ 5,860,078 | \$ 5,827,550 | \$ 5,889,935 | \$ 6,270,074 |

HAMBURG BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

|                                                     | Fiscal Year Ending June 30, |              |              |              |              |              |              |              |              |              |
|-----------------------------------------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                     | 2006                        | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         |
| Program Revenues:                                   |                             |              |              |              |              |              |              |              |              |              |
| Governmental Activities:                            |                             |              |              |              |              |              |              |              |              |              |
| Charges for Services:                               |                             |              |              |              |              |              |              |              |              |              |
| Tuition                                             |                             |              |              |              |              |              | \$ 59,784    | \$ 63,846    | \$ 107,106   | \$ 78,620    |
| Operating Grants and Contributions                  | \$ 2,159,923                | \$ 2,304,417 | \$ 2,331,551 | \$ 637,789   | \$ 716,094   | \$ 640,024   | 834,291      | 832,426      | 760,423      | 1,345,751    |
| Total Governmental Activities Program Revenues      | 2,159,923                   | 2,304,417    | 2,331,551    | 637,789      | 716,094      | 640,024      | 894,075      | 896,272      | 867,529      | 1,424,371    |
| Business-Type Activities:                           |                             |              |              |              |              |              |              |              |              |              |
| Charges for Services:                               |                             |              |              |              |              |              |              |              |              |              |
| Food Service                                        | 50,211                      | 51,288       | 50,174       | 55,508       | 58,756       | 58,992       | 57,320       | 50,225       | 52,478       | 49,787       |
| Operating Grants and Contributions                  | 25,287                      | 26,959       | 31,477       | 28,252       | 34,010       | 38,788       | 44,305       | 40,101       | 44,090       | 47,176       |
| Total Business Type Activities Program Revenues     | 75,498                      | 78,247       | 81,651       | 83,760       | 92,766       | 97,780       | 101,625      | 90,326       | 96,568       | 96,963       |
| Total District-Wide Program Revenues                | \$ 2,235,421                | \$ 2,382,664 | \$ 2,413,202 | \$ 721,549   | \$ 808,860   | \$ 737,804   | \$ 995,700   | \$ 986,598   | \$ 964,097   | \$ 1,521,334 |
| Net (Expenses)/Revenue:                             |                             |              |              |              |              |              |              |              |              |              |
| Governmental Activities                             | \$ 2,938,632                | \$ 3,202,071 | \$ 3,531,657 | \$ 5,137,694 | \$ 5,072,805 | \$ 4,693,656 | \$ 4,854,744 | \$ 4,828,845 | \$ 4,919,758 | \$ 4,736,839 |
| Business-Type Activities                            | 15,036                      | 10,637       | 2,712        | 5,389        | (363)        | 15,483       | 9,634        | 12,107       | 6,080        | 11,901       |
| Total District-Wide Net (Expenses)/Revenue          | \$ 2,953,668                | \$ 3,212,708 | \$ 3,534,369 | \$ 5,143,083 | \$ 5,072,442 | \$ 4,709,139 | \$ 4,864,378 | \$ 4,840,952 | \$ 4,925,838 | \$ 4,748,740 |
| General Revenues and Other Changes in Net Position: |                             |              |              |              |              |              |              |              |              |              |
| Governmental Activities:                            |                             |              |              |              |              |              |              |              |              |              |
| Property Taxes Levied for General Purposes, Net     | \$ 2,636,855                | \$ 2,983,833 | \$ 3,173,552 | \$ 3,277,935 | \$ 3,396,802 | \$ 3,532,674 | \$ 3,603,326 | \$ 3,675,392 | \$ 3,748,900 | \$ 3,823,878 |
| Taxes Levied for Capital Projects                   |                             |              |              |              |              |              | 27,625       |              |              |              |
| Taxes Levied for Debt Service                       | 240,323                     | 231,924      | 225,176      | 225,041      | 226,572      | 230,125      | 220,497      | 206,256      | 222,500      | 219,100      |
| Unrestricted Grants and Contributions               | 121,555                     | 57,369       | 108,093      | 1,589,593    | 1,628,963    | 1,436,603    | 1,601,678    | 1,327,142    | 1,435,187    | 1,445,473    |
| Investment Earnings                                 | 15,489                      | 12,565       | 12,107       | 4,672        | 5,177        | 3,956        | 3,461        | 4,390        | 5,217        | 5,837        |
| Miscellaneous Income                                | 6,434                       | 18,170       | 5,696        | 4,277        | 9,455        | 35,504       | 10,905       | 16,764       | 83,425       | 6,020        |

HAMBURG BOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

|                                                                                 | Fiscal Year Ending June 30, |              |              |              |              |              |              |              |              |              |
|---------------------------------------------------------------------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                                                 | 2006                        | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         |
| General Revenues and Other Changes in Net Position:                             |                             |              |              |              |              |              |              |              |              |              |
| Board Contribution/Transfer                                                     |                             |              |              |              | \$ (12,000)  |              |              |              |              |              |
| Cancellation of Prior Year Accounts Payable                                     |                             |              |              |              | 11,310       |              |              |              |              | \$ 12,650    |
| Transfer - Contribution for Bond Refunding                                      |                             |              |              |              |              | \$ (20,000)  |              |              |              |              |
| Total Governmental Activities General Revenues & Other Changes in Net Position  | \$ 3,020,656                | \$ 3,303,861 | \$ 3,524,624 | \$ 5,101,518 | 5,266,279    | 5,218,862    | \$ 5,467,492 | \$ 5,229,944 | \$ 5,495,229 | \$ 5,512,958 |
| Other Financing Sources/(Uses):                                                 |                             |              |              |              |              |              |              |              |              |              |
| Transfers                                                                       |                             |              |              | (2,706)      |              |              | (10,023)     |              | (10,000)     |              |
| Total Other Financing Sources/(Uses)                                            | - 0 -                       | - 0 -        | - 0 -        | (2,706)      | - 0 -        | - 0 -        | (10,023)     | - 0 -        | (10,000)     | - 0 -        |
| Business-Type Activities:                                                       |                             |              |              |              |              |              |              |              |              |              |
| Board Contribution                                                              |                             |              |              | 2,706        | 12,000       |              | 10,000       |              | 10,000       |              |
| Miscellaneous & Interest Income                                                 |                             |              | 1,406        |              | 75           | 100          | 1,812        | 356          | 54           | 50           |
| Total Business-Type Activities General Revenues & Other Changes in Net Position | - 0 -                       | - 0 -        | 1,406        | 2,706        | 12,075       | 100          | 11,812       | 356          | 10,054       | 50           |
| Total District-Wide General Revenues & Other Changes in Net Position            | \$ 3,020,656                | \$ 3,303,861 | \$ 3,526,030 | \$ 5,101,518 | \$ 5,278,354 | \$ 5,218,962 | \$ 5,469,281 | \$ 5,230,300 | \$ 5,495,283 | \$ 5,513,008 |
| Change in Net Position:                                                         |                             |              |              |              |              |              |              |              |              |              |
| Governmental Activities                                                         | \$ 82,024                   | \$ 101,790   | \$ (7,033)   | \$ (38,882)  | \$ 193,474   | \$ 525,206   | \$ 602,725   | \$ 401,099   | \$ 565,471   | \$ 776,119   |
| Business-Type Activities                                                        | (15,036)                    | (10,637)     | (1,306)      | (2,683)      | 12,438       | (15,383)     | 2,178        | (11,751)     | 3,974        | (11,851)     |
| Total District-Wide Change in Net Position                                      | \$ 66,988                   | \$ 91,153    | \$ (8,339)   | \$ (41,565)  | \$ 205,912   | \$ 509,823   | \$ 604,903   | \$ 389,348   | \$ 569,445   | \$ 764,268   |

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

|                                           | June 30,           |                    |                    |                    |                    |                   |                     |                     |                     |                     |
|-------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
|                                           | 2006               | 2007               | 2008               | 2009               | 2010               | 2011              | 2012                | 2013                | 2014                | 2015                |
| <b>General Fund:</b>                      |                    |                    |                    |                    |                    |                   |                     |                     |                     |                     |
| Reserved                                  | \$ 126,556         | \$ 179,337         | \$ 115,249         | \$ 167,835         | \$ 244,165         |                   |                     |                     |                     |                     |
| Unreserved                                | 32,590             | 80,153             | 102,943            | 342                | 93,078             |                   |                     |                     |                     |                     |
| Restricted                                |                    |                    |                    |                    |                    | \$ 426,482        | \$ 726,175          | \$ 1,275,459        | \$ 1,438,605        | \$ 1,756,639        |
| Committed                                 |                    |                    |                    |                    |                    | 60,000            |                     |                     |                     |                     |
| Assigned                                  |                    |                    |                    |                    |                    |                   | 365,330             | 35,000              | 125,000             | 152,672             |
| Unassigned                                |                    |                    |                    |                    |                    | 126,880           | 119,242             | 125,055             | 114,638             | 98,440              |
| <b>Total General Fund</b>                 | <u>\$ 159,146</u>  | <u>\$ 259,490</u>  | <u>\$ 218,192</u>  | <u>\$ 168,177</u>  | <u>\$ 337,243</u>  | <u>\$ 613,362</u> | <u>\$ 1,210,747</u> | <u>\$ 1,435,514</u> | <u>\$ 1,678,243</u> | <u>\$ 2,007,751</u> |
| <b>All Other Governmental Funds:</b>      |                    |                    |                    |                    |                    |                   |                     |                     |                     |                     |
| Restricted                                |                    |                    |                    |                    |                    | \$ 9,867          | \$ 9,544            |                     | \$ 20,113           | \$ 12,650           |
| Unreserved (Deficit)                      | \$ (26,658)        | \$ (20,758)        | \$ (24,367)        | \$ (30,123)        | \$ (25,220)        |                   |                     |                     |                     |                     |
| Committed                                 |                    |                    |                    |                    |                    | 58,506            |                     |                     |                     |                     |
| Unassigned (Deficit)                      |                    |                    |                    |                    |                    | (27,625)          |                     |                     |                     |                     |
| <b>Total All Other Governmental Funds</b> | <u>\$ (26,658)</u> | <u>\$ (20,758)</u> | <u>\$ (24,367)</u> | <u>\$ (30,123)</u> | <u>\$ (25,220)</u> | <u>\$ 40,748</u>  | <u>\$ 9,544</u>     | <u>\$ -0-</u>       | <u>\$ 20,113</u>    | <u>\$ 12,650</u>    |
| <b>Total Governmental Funds:</b>          |                    |                    |                    |                    |                    |                   |                     |                     |                     |                     |
| Reserved                                  | \$ 126,556         | \$ 179,337         | \$ 115,249         | \$ 167,835         | \$ 244,165         |                   |                     |                     |                     |                     |
| Restricted                                |                    |                    |                    |                    |                    | \$ 436,349        | \$ 735,719          | \$ 1,275,459        | \$ 1,458,718        | \$ 1,769,289        |
| Committed                                 |                    |                    |                    |                    |                    | 118,506           |                     |                     |                     |                     |
| Assigned                                  |                    |                    |                    |                    |                    |                   | 365,330             | 35,000              | 125,000             | 152,672             |
| Unassigned                                |                    |                    |                    |                    |                    | 99,255            | 119,242             | 125,055             | 114,638             | 98,440              |
| <b>Total All Governmental Funds</b>       | <u>\$ 132,488</u>  | <u>\$ 238,732</u>  | <u>\$ 193,825</u>  | <u>\$ 138,054</u>  | <u>\$ 312,023</u>  | <u>\$ 654,110</u> | <u>\$ 1,220,291</u> | <u>\$ 1,435,514</u> | <u>\$ 1,698,356</u> | <u>\$ 2,020,401</u> |

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

|                                        | Fiscal Year Ending June 30, |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|----------------------------------------|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                        | 2006                        | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             |
| Revenues:                              |                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Tax Levy                               | \$2,877,178                 | \$3,215,757      | \$3,398,728      | \$3,502,976      | \$3,623,374      | \$3,762,799      | \$3,851,448      | \$3,881,648      | \$3,971,400      | \$4,042,978      |
| Tuition Charges                        |                             |                  |                  |                  |                  |                  | 27,998           | 63,846           | 107,106          | 78,620           |
| Interest on Capital Reserve            | 421                         | 2,466            | 5,378            | 2,592            | 1,327            | 869              | 655              | 711              | 814              | 926              |
| Miscellaneous                          | 21,502                      | 28,269           | 12,425           | 6,357            | 15,307           | 34,545           | 13,689           | 29,443           | 87,828           | 27,981           |
| State Sources                          | 2,133,152                   | 2,230,472        | 2,308,877        | 2,099,670        | 2,035,713        | 1,946,858        | 2,271,809        | 2,014,068        | 2,067,300        | 2,119,882        |
| Federal Sources                        | 148,326                     | 131,315          | 130,767          | 127,712          | 307,342          | 133,815          | 191,845          | 136,500          | 128,310          | 131,576          |
| <b>Total Revenue</b>                   | <b>5,180,579</b>            | <b>5,608,279</b> | <b>5,856,175</b> | <b>5,739,307</b> | <b>5,983,063</b> | <b>5,878,886</b> | <b>6,357,444</b> | <b>6,126,216</b> | <b>6,362,758</b> | <b>6,401,963</b> |
| Expenditures:                          |                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Instruction:                           |                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Regular Instruction                    | 1,317,709                   | 1,438,726        | 1,513,158        | 1,540,253        | 1,668,096        | 1,676,615        | 1,684,031        | 1,597,259        | 1,772,884        | 1,637,672        |
| Special Education Instruction          | 500,343                     | 466,622          | 500,100          | 587,650          | 661,892          | 478,515          | 457,300          | 494,254          | 493,681          | 538,351          |
| Other Instruction                      | 114,651                     | 125,718          | 125,951          | 142,717          | 139,048          | 35,926           | 39,184           | 38,992           | 39,146           | 74,883           |
| Support Services:                      |                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Tuition                                | 260,488                     | 329,617          | 365,992          | 273,156          | 245,219          | 262,343          | 265,417          | 198,659          | 170,750          | 123,634          |
| Student & Instruction Related Services | 519,450                     | 471,795          | 467,233          | 477,960          | 425,604          | 425,982          | 520,286          | 552,242          | 533,177          | 544,135          |
| General Administrative Services        | 316,703                     | 269,315          | 275,880          | 284,983          | 271,301          | 225,083          | 232,889          | 244,457          | 254,613          | 250,954          |
| School Administrative Services         | 73,373                      | 73,221           | 59,214           | 61,486           | 100,956          | 94,154           | 85,436           | 86,395           | 81,211           | 81,967           |
| Central Services                       | 119,792                     | 127,958          | 132,843          | 151,738          | 116,920          | 111,121          | 106,664          | 109,571          | 112,205          | 124,013          |
| Administrative Information Technology  |                             |                  |                  | 2,893            |                  |                  |                  |                  |                  |                  |
| Plant Operations And Maintenance       | 458,113                     | 464,573          | 497,917          | 483,616          | 547,488          | 532,969          | 621,847          | 582,344          | 656,191          | 672,276          |
| Pupil Transportation                   | 182,944                     | 196,955          | 227,770          | 180,382          | 210,267          | 154,774          | 138,403          | 120,034          | 119,705          | 106,944          |
| Allocated Benefits                     | 705,606                     | 733,513          | 831,838          | 911,211          |                  |                  |                  |                  |                  |                  |

HAMBURG BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

|                                                               | Fiscal Year Ending June 30, |                   |                    |                    |                   |                   |                   |                   |                   |                   |
|---------------------------------------------------------------|-----------------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                               | 2006                        | 2007              | 2008               | 2009               | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              |
| Expenditures: (Cont'd)                                        |                             |                   |                    |                    |                   |                   |                   |                   |                   |                   |
| Support Services: (Cont'd)                                    |                             |                   |                    |                    |                   |                   |                   |                   |                   |                   |
| Unallocated Benefits                                          | \$ 284,600                  | \$ 454,498        | \$ 468,222         | \$ 338,554         | \$ 1,129,286      | \$ 1,110,243      | \$ 1,322,115      | \$ 1,278,775      | \$ 1,262,722      | \$ 1,311,166      |
| Capital Outlay                                                | 136,657                     | 20,749            | 99,990             | 26,500             | 15,400            | 171,755           | 48,556            | 262,041           | 330,316           | 369,752           |
| Debt Service:                                                 |                             |                   |                    |                    |                   |                   |                   |                   |                   |                   |
| Principal                                                     | 115,000                     | 115,000           | 120,000            | 125,000            | 130,000           | 135,000           | 160,000           | 160,000           | 170,000           | 170,000           |
| Interest and Other Charges                                    | 125,324                     | 120,149           | 114,801            | 109,165            | 103,301           | 70,234            | 60,820            | 55,800            | 52,500            | 49,100            |
| Charter Schools                                               | 49,710                      | 93,626            | 100,173            | 95,108             | 43,626            | 32,085            | 38,292            | 130,170           | 40,815            | 25,071            |
| Total Expenditures                                            | <u>5,280,463</u>            | <u>5,502,035</u>  | <u>5,901,082</u>   | <u>5,792,372</u>   | <u>5,808,404</u>  | <u>5,516,799</u>  | <u>5,781,240</u>  | <u>5,910,993</u>  | <u>6,089,916</u>  | <u>6,079,918</u>  |
| Excess/(Deficiency) of Revenues Over/<br>(Under) Expenditures | <u>(99,884)</u>             | <u>106,244</u>    | <u>(44,907)</u>    | <u>(53,065)</u>    | <u>174,659</u>    | <u>362,087</u>    | <u>576,204</u>    | <u>215,223</u>    | <u>272,842</u>    | <u>322,045</u>    |
| Other Financing Sources/(Uses):                               |                             |                   |                    |                    |                   |                   |                   |                   |                   |                   |
| Transfers Out                                                 |                             |                   |                    |                    |                   |                   | (10,023)          |                   | (10,000)          |                   |
| Total Other Financing Sources/(Uses)                          |                             |                   |                    |                    |                   |                   | <u>(10,023)</u>   |                   | <u>(10,000)</u>   |                   |
| Net Change In Fund Balances                                   | <u>\$ (99,884)</u>          | <u>\$ 106,244</u> | <u>\$ (44,907)</u> | <u>\$ (53,065)</u> | <u>\$ 174,659</u> | <u>\$ 362,087</u> | <u>\$ 566,181</u> | <u>\$ 215,223</u> | <u>\$ 262,842</u> | <u>\$ 322,045</u> |
| Debt Service as a Percentage of Noncapital<br>Expenditures    | 4.67%                       | 4.29%             | 4.05%              | 4.06%              | 4.03%             | 3.84%             | 3.85%             | 3.82%             | 3.86%             | 3.84%             |

Source: Hamburg Borough School District Financial Reports.

## Exhibit J-5

HAMBURG BOROUGH SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

| Fiscal<br>Year Ended<br>June 30, | Interest on<br>Investments | Tuition  | Prior<br>Year<br>Refunds | Refunds  | Other    | Total    |
|----------------------------------|----------------------------|----------|--------------------------|----------|----------|----------|
| 2006                             | \$ 5,862                   |          |                          |          | \$ 5,592 | \$ 8,463 |
| 2007                             | 3,440                      | \$ 1,000 | \$ 13,900                | \$ 1,335 | 1,935    | 11,454   |
| 2008                             | 6,951                      |          | 1,412                    |          | 2,711    | 11,074   |
| 2009                             | 3,578                      |          | 210                      |          | 3,081    | 6,869    |
| 2010                             | 3,525                      |          | 6,141                    |          | 4,644    | 14,310   |
| 2011                             | 2,956                      |          | 22,228                   |          | 7,659    | 32,843   |
| 2012                             | 2,806                      | 27,998   | 6,299                    |          | 1,116    | 38,219   |
| 2013                             | 3,679                      | 63,846   | 15,848                   |          | 1,627    | 85,000   |
| 2014                             | 4,403                      | 107,106  | 82,096                   |          | 2,143    | 195,748  |
| 2015                             | 4,911                      | 78,620   | 4,837                    |          | 2,109    | 90,477   |

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

| Year Ended<br>December 31, | Vacant<br>Land | Residential    | Farm<br>Regular | Farm<br>Qualified | Commercial    | Industrial   | Apartment  | Total<br>Assessed<br>Value | Public<br>Utilities <sup>a</sup> | Net Valuation<br>Taxable | Tax-Exempt<br>Property | Total<br>Direct<br>School<br>Tax<br>Rate <sup>b</sup> | Estimated<br>Actual<br>(County<br>Equalized<br>Value) |
|----------------------------|----------------|----------------|-----------------|-------------------|---------------|--------------|------------|----------------------------|----------------------------------|--------------------------|------------------------|-------------------------------------------------------|-------------------------------------------------------|
| 2005                       | \$ 6,566,750   | \$ 174,416,900 | \$ 169,000      | \$ 5,100          | \$ 19,814,900 | \$ 3,375,700 | \$ 331,500 | \$ 204,679,850             | \$ 485,727                       | \$ 205,165,577           | \$ 4,318,300           | \$ 1.94                                               | \$ 259,190,581                                        |
| 2006                       | 6,094,650      | 176,644,900    | 169,000         | 4,500             | 20,174,100    | 3,375,700    | 331,500    | 206,794,350                | 372,337                          | 207,166,687              | 4,784,600              | 1.47                                                  | 305,923,738                                           |
| 2007                       | 5,635,450      | 179,462,200    | 169,000         | 4,500             | 19,514,500    | 3,375,700    | 331,500    | 208,492,850                | 302,368                          | 208,795,218              | 4,659,200              | 1.58                                                  | 352,714,111                                           |
| 2008                       | 5,610,450      | 179,426,800    | 169,000         | 4,500             | 19,514,500    | 3,375,700    | 331,500    | 208,432,450                | 278,884                          | 208,711,334              | 4,659,200              | 1.65                                                  | 384,783,759                                           |
| 2009                       | 5,708,150      | 180,852,200    | 169,000         | 4,500             | 19,405,200    | 2,745,700    | 331,500    | 209,216,250                | 221,848                          | 209,438,098              | 4,750,400              | 1.70                                                  | 356,187,241                                           |
| 2010                       | 5,734,750      | 180,536,500    | 169,000         | 4,500             | 18,712,800    | 2,745,700    | 331,500    | 208,234,750                | 307,672                          | 208,542,422              | 4,750,400              | 1.77                                                  | 338,268,324                                           |
| 2011                       | 5,684,750      | 180,074,500    | 169,000         | 4,500             | 17,088,400    | 3,921,700    | 331,500    | 207,274,350                | 351,612                          | 207,625,962              | 4,877,700              | 1.85                                                  | 338,177,465                                           |
| 2012                       | 4,698,150      | 179,344,400    |                 |                   | 17,815,200    | 3,921,700    | 747,800    | 206,527,250                | 402,529                          | 206,929,779              | 4,906,300              | 1.86                                                  | 309,323,203                                           |
| 2013                       | 4,628,150      | 177,780,200    |                 |                   | 18,256,200    | 3,921,700    | 747,800    | 205,334,050                | 406,308                          | 205,740,358              | 4,838,600              | 1.91                                                  | 289,385,794                                           |
| 2014                       | 6,038,600      | 204,017,600    |                 |                   | 27,961,200    | 4,988,600    | 690,600    | 243,696,600                | 550,675                          | 244,247,275              | 19,855,400             | 1.64                                                  | 260,636,321                                           |

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

Source: Hamburg Borough Tax Assessor.

HAMBURG BOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(Rate per \$100 of Assessed Value)*

| Year Ended<br>December 31, | Hamburg Borough School District |                                            |                 |                    |                          |                  | Total Direct<br>and<br>Overlapping<br>Tax Rate |
|----------------------------|---------------------------------|--------------------------------------------|-----------------|--------------------|--------------------------|------------------|------------------------------------------------|
|                            | Direct Rate                     |                                            |                 | Overlapping Rates  |                          |                  |                                                |
|                            | Basic<br>Rate <sup>a</sup>      | General<br>Obligation<br>Debt <sup>b</sup> | Total<br>Direct | Regional<br>School | Borough<br>of<br>Hamburg | Sussex<br>County |                                                |
| 2005                       | \$ 1.78                         | \$ 0.16                                    | \$ 1.94         | \$ 0.57            | \$ 0.64                  | \$ 0.58          | \$ 3.16                                        |
| 2006                       | 1.36                            | 0.11                                       | 1.47            | 0.64               | 0.67                     | 0.65             | 3.43                                           |
| 2007                       | 1.48                            | 0.10                                       | 1.58            | 0.66               | 0.71                     | 0.69             | 3.64                                           |
| 2008                       | 1.55                            | 0.11                                       | 1.65            | 0.68               | 0.77                     | 0.71             | 3.82                                           |
| 2009                       | 1.59                            | 0.11                                       | 1.70            | 0.70               | 0.81                     | 0.70             | 3.91                                           |
| 2010                       | 1.66                            | 0.11                                       | 1.77            | 0.70               | 0.89                     | 0.69             | 4.05                                           |
| 2011                       | 1.73                            | 0.11                                       | 1.85            | 0.69               | 0.93                     | 0.70             | 4.17                                           |
| 2012                       | 1.76                            | 0.10                                       | 1.86            | 0.72               | 0.95                     | 0.69             | 4.22                                           |
| 2013                       | 1.81                            | 0.11                                       | 1.91            | 0.75               | 0.97                     | 0.69             | 4.32                                           |
| 2014                       | 1.55                            | 0.09                                       | 1.64            | 0.61               | 0.84                     | 0.56             | 3.64                                           |

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

Source: Hamburg Borough Tax Collector and School Business Administrator.

HAMBURG BOROUGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

| 2014                         |                        |                                        | 2005                               |                        |                                        |
|------------------------------|------------------------|----------------------------------------|------------------------------------|------------------------|----------------------------------------|
| Taxpayer                     | Taxable Assessed Value | % of Total District Net Assessed Value | Taxpayer                           | Taxable Assessed Value | % of Total District Net Assessed Value |
| Ames Rubber Corp             | \$ 3,054,600           | 1.48%                                  | Ames Rubber Corporation            | \$ 3,130,000           | 1.57%                                  |
| Governor Haines Square Corp  | 2,019,600              | 0.98%                                  | Shan Industries                    | 2,230,600              | 1.12%                                  |
| Envision New Jersey, LLC     | 1,934,000              | 0.93%                                  | The Bluffs at Ballyowen            | 2,200,000              | 1.11%                                  |
| Kaytes Realty, LLC           | 1,881,700              | 0.91%                                  | Kaytes Realty, LLC                 | 2,022,000              | 1.02%                                  |
| Individual Taxpayer #1       | 1,405,000              | 0.68%                                  | Governor Haines Square Corporation | 1,488,700              | 0.75%                                  |
| Plaza 23, LLC                | 1,317,900              | 0.64%                                  | Gray Elephant, LLC                 | 1,000,300              | 0.50%                                  |
| TRP Investment LLC           | 1,174,000              | 0.57%                                  | Wachovia Bank Corporation          | 971,000                | 0.49%                                  |
| Wachovia Bank C/O            | 978,400                | 0.47%                                  | TRB Investments, LLC               | 916,000                | 0.46%                                  |
| KP Kit & Jay LLC             | 913,800                | 0.44%                                  | TRB Investments, LLC               | 916,000                | 0.46%                                  |
| TCAT Properties Hamburg, LLC | 868,000                | 0.42%                                  | Plaza 23, LLC                      | 678,000                | 0.34%                                  |
| <b>Total</b>                 | <b>\$ 15,547,000</b>   | <b>7.52%</b>                           | <b>Total</b>                       | <b>\$ 15,552,600</b>   | <b>7.82%</b>                           |

Source: Hamburg Borough Tax Assessor

Exhibit J-9

HAMBURG BOROUGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

| <u>Fiscal Year</u><br><u>Ended June 30,</u> | <u>Taxes Levied</u><br><u>for the</u><br><u>Fiscal Year</u> | <u>Collected within the Fiscal</u><br><u>Year of the Levy<sup>a</sup></u> |                                     | <u>Collections in</u><br><u>Subsequent</u><br><u>Years</u> |
|---------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------|------------------------------------------------------------|
|                                             |                                                             | <u>Amount</u>                                                             | <u>Percentage</u><br><u>of Levy</u> |                                                            |
| 2006                                        | \$ 2,877,178                                                | \$ 2,877,178                                                              | 100.00%                             | - 0 -                                                      |
| 2007                                        | 3,215,757                                                   | 3,215,757                                                                 | 100.00%                             | - 0 -                                                      |
| 2008                                        | 3,398,728                                                   | 3,398,728                                                                 | 100.00%                             | - 0 -                                                      |
| 2009                                        | 3,502,976                                                   | 3,502,976                                                                 | 100.00%                             | - 0 -                                                      |
| 2010                                        | 3,623,374                                                   | 3,623,374                                                                 | 100.00%                             | - 0 -                                                      |
| 2011                                        | 3,762,799                                                   | 3,762,799                                                                 | 100.00%                             | - 0 -                                                      |
| 2012                                        | 3,851,448                                                   | 3,851,448                                                                 | 100.00%                             | - 0 -                                                      |
| 2013                                        | 3,881,648                                                   | 3,881,648                                                                 | 100.00%                             | - 0 -                                                      |
| 2014                                        | 3,971,400                                                   | 3,971,400                                                                 | 100.00%                             | - 0 -                                                      |
| 2015                                        | 4,042,978                                                   | 4,042,978                                                                 | 100.00%                             | - 0 -                                                      |

<sup>a</sup> School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified, prior to the end of the school year.

Source: Hamburg Borough School District's records including the Certificate and Report of School Taxes (Form A4F).

Exhibit J-10

HAMBURG BOROUGH SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year<br>Ended<br>June 30, | <u>Governmental Activities</u> |                  |                   | Total<br>District | Percentage<br>of Personal<br>Income <sup>a</sup> | Per Capita <sup>a</sup> |
|----------------------------------|--------------------------------|------------------|-------------------|-------------------|--------------------------------------------------|-------------------------|
|                                  | General<br>Obligation<br>Bonds | Loans<br>Payable | Capital<br>Leases |                   |                                                  |                         |
| 2006                             | \$ 2,614,000                   | \$ - 0 -         | \$ 61,100         | \$ 2,675,100      | 1.66%                                            | \$ 764.75               |
| 2007                             | 2,499,000                      | - 0 -            | 25,853            | 2,524,853         | 1.48%                                            | 725.74                  |
| 2008                             | 2,379,000                      | - 0 -            | - 0 -             | 2,379,000         | 1.38%                                            | 685.59                  |
| 2009                             | 2,254,000                      | - 0 -            | - 0 -             | 2,254,000         | 1.35%                                            | 651.63                  |
| 2010                             | 2,124,000                      | - 0 -            | - 0 -             | 2,124,000         | 1.32%                                            | 648.35                  |
| 2011                             | 2,025,000                      | - 0 -            | - 0 -             | 2,025,000         | 1.23%                                            | 623.46                  |
| 2012                             | 1,865,000                      | - 0 -            | - 0 -             | 1,865,000         | 1.10%                                            | 579.19                  |
| 2013                             | 1,705,000                      | - 0 -            | - 0 -             | 1,705,000         | 1.01%                                            | 534.65                  |
| 2014                             | 1,535,000                      | - 0 -            | - 0 -             | 1,535,000         | 0.91%                                            | 483.01                  |
| 2015                             | 1,365,000                      | - 0 -            | - 0 -             | 1,365,000         | 0.81%                                            | 429.52                  |

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: Hamburg Borough School District Financial Reports.

Exhibit J-11

HAMBURG BOROUGH SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |            |                                           | Percentage of<br>Actual Taxable<br>Value <sup>a</sup><br>of Property | Per Capita <sup>b</sup> |
|-------------------------------------|---------------------------------|------------|-------------------------------------------|----------------------------------------------------------------------|-------------------------|
|                                     | General<br>Obligation<br>Bonds  | Deductions | Net General<br>Bonded Debt<br>Outstanding |                                                                      |                         |
| 2006                                | \$ 2,614,000                    | \$ - 0 -   | \$ 2,614,000                              | 1.27%                                                                | \$ 764.75               |
| 2007                                | 2,499,000                       | - 0 -      | 2,499,000                                 | 1.21%                                                                | 725.74                  |
| 2008                                | 2,379,000                       | - 0 -      | 2,379,000                                 | 1.14%                                                                | 685.59                  |
| 2009                                | 2,254,000                       | - 0 -      | 2,254,000                                 | 1.08%                                                                | 651.63                  |
| 2010                                | 2,124,000                       | - 0 -      | 2,124,000                                 | 1.01%                                                                | 648.35                  |
| 2011                                | 2,025,000                       | - 0 -      | 2,025,000                                 | 0.97%                                                                | 623.46                  |
| 2012                                | 1,865,000                       | - 0 -      | 1,865,000                                 | 0.90%                                                                | 579.19                  |
| 2013                                | 1,705,000                       | - 0 -      | 1,705,000                                 | 0.82%                                                                | 534.65                  |
| 2014                                | 1,535,000                       | - 0 -      | 1,535,000                                 | 0.75%                                                                | 483.01                  |
| 2015                                | 1,365,000                       | - 0 -      | 1,365,000                                 | 0.56%                                                                | 429.52                  |

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> Population data can be found on Exhibit J-14. This ratio is calculated using valuation data for the prior calendar year

Source: Hamburg Borough School District Financial Reports.

Exhibit J-12

HAMBURG BOROUGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014  
UNAUDITED

| <u>Governmental Unit</u>                    | <u>Debt</u><br><u>Outstanding</u> | <u>Estimated</u><br><u>Percentage</u><br><u>Applicable <sup>a</sup></u> | <u>Estimated</u><br><u>Share of</u><br><u>Overlapping</u><br><u>Debt</u> |
|---------------------------------------------|-----------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Debt Repaid With Property Taxes:            |                                   |                                                                         |                                                                          |
| Borough of Hamburg                          | \$ 377,100                        | 100.00%                                                                 | \$ 377,100                                                               |
| Wallkill Valley Regional High School        | 3,775,000                         | 13.33%                                                                  | 503,334                                                                  |
| Sussex County General Obligation Debt       | 68,100,067                        | 1.66%                                                                   | <u>1,132,197</u>                                                         |
| Subtotal, Overlapping Debt                  |                                   |                                                                         | 2,012,632                                                                |
| Hamburg Borough School District Direct Debt |                                   |                                                                         | <u>1,365,000</u>                                                         |
| Total Direct And Overlapping Debt           |                                   |                                                                         | <u>\$ 3,377,632</u>                                                      |

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Borough of Hamburg. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

HAMBURG BOROUGH SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

|                                                                         | Fiscal Year Ended June 30, |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|-------------------------------------------------------------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                         | 2006                       | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                | 2013                | 2014                | 2015                |
| Debt Limit                                                              | \$ 7,565,068               | \$ 8,563,956        | \$ 9,507,191        | \$10,133,965        | \$11,213,021        | \$10,762,347        | \$ 10,021,150       | \$ 9,355,994        | \$ 8,703,010        | \$ 8,297,699        |
| Total Net Debt Applicable to Limit                                      | 2,614,000                  | 2,499,000           | 2,379,000           | 2,254,000           | 2,124,000           | 2,025,000           | 1,865,000           | 1,705,000           | 1,535,000           | 1,365,000           |
| Legal Debt Margin                                                       | <u>\$ 4,951,068</u>        | <u>\$ 6,064,956</u> | <u>\$ 1,189,195</u> | <u>\$ 7,879,965</u> | <u>\$ 9,089,021</u> | <u>\$ 8,737,347</u> | <u>\$ 8,156,150</u> | <u>\$ 7,650,994</u> | <u>\$ 7,168,010</u> | <u>\$ 6,932,699</u> |
| Total Net Debt Applicable to the Limit<br>As a Percentage of Debt Limit | 34.55%                     | 29.18%              | 25.02%              | 22.24%              | 18.94%              | 18.82%              | 18.61%              | 18.22%              | 17.64%              | 16.45%              |

| Legal Debt Margin Calculation for Fiscal Year 2015         |                       |
|------------------------------------------------------------|-----------------------|
|                                                            | Hamburg<br>Borough    |
| Equalized Valuation Basis                                  |                       |
| 2014                                                       | \$ 268,004,619        |
| 2013                                                       | 272,470,873           |
| 2012                                                       | 289,294,369           |
|                                                            | <u>\$ 829,769,861</u> |
| Average Equalized Valuation of Taxable Property            | <u>\$ 276,589,954</u> |
| Debt Limit (3% of Average Equalization Value) <sup>a</sup> | \$ 8,297,699          |
| Net Bonded School Debt as of June 30, 2015                 | 1,365,000             |
| Legal Debt Margin                                          | <u>\$ 6,932,699</u>   |

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

Exhibit J-14

HAMBURG BOROUGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS  
UNAUDITED

| Year | Borough<br>Population <sup>a</sup> | Sussex County<br>Per Capita<br>Personal<br>Income <sup>b</sup> | Borough<br>Personal<br>Income <sup>c</sup> | Borough<br>Unemployment<br>Rate <sup>d</sup> |
|------|------------------------------------|----------------------------------------------------------------|--------------------------------------------|----------------------------------------------|
| 2006 | 3,498                              | \$ 46,200                                                      | \$ 161,607,600                             | 4.60%                                        |
| 2007 | 3,479                              | 48,898                                                         | 170,116,142                                | 4.40%                                        |
| 2008 | 3,470                              | 49,750                                                         | 172,632,500                                | 5.60%                                        |
| 2009 | 3,459                              | 48,261                                                         | 166,934,799                                | 9.30%                                        |
| 2010 | 3,276                              | 49,042                                                         | 160,661,592                                | 9.90%                                        |
| 2011 | 3,248                              | 50,800                                                         | 164,998,400                                | 9.60%                                        |
| 2012 | 3,220                              | 52,592                                                         | 169,346,240                                | 9.60%                                        |
| 2013 | 3,189                              | 52,958                                                         | 168,883,062                                | 5.60%                                        |
| 2014 | 3,178                              | 52,958 *                                                       | 168,300,524                                | 6.70%                                        |
| 2015 | 3,178 **                           | 52,958 *                                                       | 168,300,524 **                             | N/A                                          |

\* - Latest Sussex County per capita personal income available (2013) was used for calculation purposes.

\*\* - Latest population data available (2014) was used for calculation purposes.

N/A - Information is not available.

Sources:

- <sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.
- <sup>b</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- <sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.
- <sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

HAMBURG BOROUGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - SUSSEX COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

| 2014                                |               |                                      | 2005                              |               |                                      |
|-------------------------------------|---------------|--------------------------------------|-----------------------------------|---------------|--------------------------------------|
| Employer                            | Employees     | Percentage of<br>Total<br>Employment | Employer                          | Employees     | Percentage of<br>Total<br>Employment |
| Crystal Springs Golf and Spa Resort | 2,000         | 2.66%                                | Selective Insurance               | 954           | 2.44%                                |
| Newton Memorial Hospital            | 1,200         | 1.59%                                | Andover Subacute and Rehab Center | 900           | 2.30%                                |
| Selective Insurance                 | 900           | 1.20%                                | Mountain Creek/Intrawest          | 800           | 2.04%                                |
| County of Sussex                    | 830           | 1.10%                                | County of Sussex                  | 800           | 2.04%                                |
| Mountain Creek Resort               | 800           | 1.06%                                | Newton Memorial Hospital          | 757           | 1.93%                                |
| Ames Rubber Corp                    | 445           | 0.59%                                | Vernon Township Bd. of Education  | 629           | 1.61%                                |
| Shop Rite Supermarkets (Ronetco)    | 301           | 0.40%                                | F.O. Phoenix, Inc.                | 600           | 1.53%                                |
| Andover Subacute and Rehab Center   | 300           | 0.40%                                | Hopatcong Board of Education      | 450           | 1.15%                                |
| Sussex County Community College     | 300           | 0.40%                                | Wal-Mart                          | 380           | 0.97%                                |
| SCARC, Inc.                         | 287           | 0.38%                                | Saint Claire's Hospital           | 300           | 0.77%                                |
|                                     |               |                                      | Sparta Board of Education         | 300           | 0.77%                                |
|                                     |               |                                      | Ames Rubber Corp.                 | 300           | 0.77%                                |
|                                     |               |                                      | SCARC, Inc.                       | 296           | 0.76%                                |
|                                     | <u>7,363</u>  | <u>9.78%</u>                         |                                   | <u>7,466</u>  | <u>19.06%</u>                        |
| Total Employment - Sussex County    | <u>75,252</u> |                                      | Total Employment - Sussex County  | <u>39,161</u> |                                      |

Source: County of Sussex, Department of Administration and Finance.

HAMBURG BOROUGH SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

| <u>Function/Program</u>                    | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction:                               |             |             |             |             |             |             |             |             |             |             |
| Regular                                    | 26.2        | 25.3        | 25.4        | 26.0        | 25.0        | 26.3        | 26.3        | 25.8        | 26.8        | 28.2        |
| Special Education                          | 11.2        | 14.6        | 16.6        | 16.9        | 16.4        | 8.2         | 8.2         | 11.4        | 9.1         | 8.8         |
| Support Services:                          |             |             |             |             |             |             |             |             |             |             |
| Student & Instruction Related Services     | 7.9         | 7.9         | 7.5         | 5.2         | 5.2         | 5.2         | 5.2         | 4.8         | 5.6         | 5.6         |
| School Administration Services             | 2.4         | 2.4         | 2.4         | 2.5         | 2.5         | 2.5         | 2.5         | 1.5         | 1.5         | 1.5         |
| General & Business Administration Services | 2.0         | 2.0         | 2.0         | 3.6         | 3.4         | 3.4         | 3.4         | 3.2         | 3.2         | 3.2         |
| Plant Operations and Maintenance           | 4.8         | 4.8         | 4.8         | 4.5         | 3.5         | 3.5         | 3.5         | 4.3         | 4.3         | 4.3         |
| Total                                      | <u>54.5</u> | <u>57.0</u> | <u>58.7</u> | <u>58.7</u> | <u>56.0</u> | <u>49.1</u> | <u>49.1</u> | <u>51.0</u> | <u>50.5</u> | <u>51.6</u> |

Source: Hamburg Borough District Personnel Records.

HAMBURG BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year | Enrollment | Operating Expenditures <sup>a</sup> | Cost Per Pupil <sup>b</sup> | Percentage Change | Teaching Staff <sup>c</sup> | Pupil/Teacher Ratio<br>Elementary | Average Daily Enrollment (ADE) <sup>d</sup> | Average Daily Attendance (ADA) <sup>d</sup> | % Change In Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|-----------------------------|-------------------|-----------------------------|-----------------------------------|---------------------------------------------|---------------------------------------------|--------------------------------------|-------------------------------|
| 2006        | 306        | \$ 4,903,482                        | \$ 16,024                   | 11.98%            | 41                          | 7:1                               | 306                                         | 291                                         | -4.67%                               | 95.10%                        |
| 2007        | 310        | 5,246,137                           | 16,923                      | 5.61%             | 41                          | 7:1                               | 310                                         | 295                                         | 1.31%                                | 95.26%                        |
| 2008        | 291        | 5,566,291                           | 19,128                      | 13.03%            | 42                          | 7:1                               | 291                                         | 273                                         | -6.13%                               | 93.81%                        |
| 2009        | 276        | 5,531,707                           | 20,042                      | 4.78%             | 42                          | 7:1                               | 276                                         | 263                                         | -5.15%                               | 95.29%                        |
| 2010        | 291        | 5,559,703                           | 19,106                      | -4.67%            | 41                          | 7.1:1                             | 282                                         | 269                                         | 2.17%                                | 95.39%                        |
| 2011        | 286        | 5,139,810                           | 17,971                      | -5.94%            | 34                          | 8.1:1                             | 282                                         | 266                                         | 0.00%                                | 94.33%                        |
| 2012        | 280        | 5,511,864                           | 19,685                      | 9.54%             | 34                          | 8.1:1                             | 276                                         | 263                                         | -2.13%                               | 95.29%                        |
| 2013        | 284        | 5,433,152                           | 19,131                      | -2.82%            | 34                          | 8.3:1                             | 278                                         | 263                                         | 0.72%                                | 94.60%                        |
| 2014        | 285        | 5,537,100                           | 19,428                      | 1.56%             | 34                          | 8.3:1                             | 274                                         | 255                                         | -1.44%                               | 93.07%                        |
| 2015        | 272        | 5,491,066                           | 20,188                      | 3.91%             | 34                          | 8:1                               | 272                                         | 258                                         | -0.73%                               | 94.85%                        |

Note: Enrollment based on annual October District count.

- <sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.
- <sup>b</sup> Costs per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other cost per pupil calculations.
- <sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.
- <sup>d</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Hamburg Borough School District records.

HAMBURG BOROUGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

|                                        | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|----------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>District Buildings</u>              |             |             |             |             |             |             |             |             |             |             |
| Hamburg Elementary School (1904, 2003) |             |             |             |             |             |             |             |             |             |             |
| Square Feet                            | 61,503      | 61,503      | 61,503      | 61,503      | 61,503      | 61,503      | 61,503      | 61,503      | 61,503      | 61,503      |
| Capacity (Students)                    | 546         | 546         | 546         | 546         | 546         | 546         | 546         | 546         | 546         | 546         |
| Enrollment                             | 306         | 310         | 291         | 276         | 291         | 286         | 280         | 284         | 285         | 272         |

Number of Schools at June 30, 2015:

Elementary = 1

Note: Year of original construction is shown first in the parentheses. Enrollment is based on the annual October District count.

Source: Hamburg Borough School District Facilities Office.

HAMBURG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures:  
 Required Maintenance for School Facilities\*  
 11-000-261-XXX

| School Facilities  | Fiscal Year Ended June 30, |           |           |           |            |           |            |           |            |            |
|--------------------|----------------------------|-----------|-----------|-----------|------------|-----------|------------|-----------|------------|------------|
|                    | 2006                       | 2007      | 2008      | 2009      | 2010       | 2011      | 2012       | 2013      | 2014       | 2015       |
| Hamburg Elementary | \$ 58,325                  | \$ 37,974 | \$ 57,524 | \$ 46,882 | \$ 105,336 | \$ 94,278 | \$ 127,888 | \$ 64,684 | \$ 114,099 | \$ 187,997 |

\* School facilities as defined under EFCFA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Hamburg Borough School District Reports.

HAMBURG BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

|                                     | <u>Coverage</u>   | <u>Deductible</u> |
|-------------------------------------|-------------------|-------------------|
| NJSIG:                              |                   |                   |
| Commercial Package Policy:          |                   |                   |
| Blanket Building & Contents         | \$ 16,679,000     | \$ 1,000          |
| Blanket Hardware/Software           | 160,000           | 1,000             |
| Boiler & Machinery                  | 100,000,000       | 1,000             |
| Crime/Faithful Performance          | 100,000           | 500               |
| Comprehensive General Liability     | 11,000,000        | N/A               |
| Automobile Coverage                 | 11,000,000        | N/A               |
| Employee Benefits Program Liability | Included          | N/A               |
| Auto Physical Damage                | ACV               | 1,000             |
| School Board Legal Liability:       |                   |                   |
| Coverage A                          | 6,000,000         | 5,000             |
| Coverage B                          | 100,000 / 300,000 | 5,000             |
| Workers Compensation                | Statutory         |                   |
| Environmental Impairment Liability  | 1,000,000         | 1,000             |
| Student Accident                    | 1,000,000         |                   |
| Surety Bonds:                       |                   |                   |
| Treasurer                           | 185,000           |                   |
| Board Secretary                     | 185,000           |                   |

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

Report on Internal Control over Financial Reporting and on Compliance and  
 Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
 Government Auditing Standards

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Hamburg Borough School District  
 County of Sussex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Board of Education of the Hamburg Borough School District, in the County of Sussex (the "District") as of, and for the fiscal year ended, June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members  
of the Board of Education  
Hamburg Borough School District  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 25, 2015  
Mount Arlington, New Jersey

NISIVOCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant



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 200 Valley Road, Suite 300  
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Report on Compliance For Each Major State Program;  
 Report on Internal Control Over Compliance Required by OMB Circular A-133  
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Hamburg Borough School District  
 County of Sussex, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Hamburg Borough School District (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2015. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133, and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members  
of the Board of Education  
Hamburg Borough School District  
Page 2

### ***Opinion on Each Major State Program***

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

November 25, 2015  
Mount Arlington, New Jersey

NISIVOCIA LLP



Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant

HAMBURG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass Through<br>Grantor Program/Cluster Title              | Federal<br>CFDA<br>Number | Grant or<br>State Project<br>Number | Grant<br>Period | Award<br>Amount | Balance at June 30, 2014            |                                  |                  | Balance at June 30, 2015  |                                     |                                  |
|----------------------------------------------------------------------------|---------------------------|-------------------------------------|-----------------|-----------------|-------------------------------------|----------------------------------|------------------|---------------------------|-------------------------------------|----------------------------------|
|                                                                            |                           |                                     |                 |                 | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Unearned<br>Revenue | Cash<br>Received | Budgetary<br>Expenditures | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Unearned<br>Revenue |
| U.S. Department of Education Passed-through State Department of Education: |                           |                                     |                 |                 |                                     |                                  |                  |                           |                                     |                                  |
| Special Revenue Fund:                                                      |                           |                                     |                 |                 |                                     |                                  |                  |                           |                                     |                                  |
| Special Education Cluster:                                                 |                           |                                     |                 |                 |                                     |                                  |                  |                           |                                     |                                  |
| I.D.E.A. Part B, Basic                                                     | 84.027                    | IDEA193015                          | 7/1/14-6/30/15  | \$ 78,400       |                                     |                                  | \$ 61,208        | \$ (67,655)               | \$ 6,447                            |                                  |
| I.D.E.A. Part B, Basic -Carryover                                          | 84.027                    | IDEA193014                          | 7/1/13-6/30/14  | 74,744          | \$ 14,053                           |                                  | 14,053           |                           |                                     |                                  |
| I.D.E.A. Part B, Preschool                                                 | 84.173                    | IDEA193015                          | 7/1/13-6/30/15  | 4,217           |                                     |                                  | 4,217            | (4,217)                   |                                     |                                  |
| Total Special Education Cluster                                            |                           |                                     |                 |                 | 14,053                              |                                  | 79,478           | (71,872)                  | 6,447                               |                                  |
| No Child Left Behind Consolidated Grant:                                   |                           |                                     |                 |                 |                                     |                                  |                  |                           |                                     |                                  |
| Title I                                                                    | 84.010A                   | NCLB193015                          | 7/1/14-6/30/15  | 33,735          |                                     |                                  | 30,365           | (33,735)                  | 3,370                               |                                  |
| Title I-Carryover                                                          | 84.010A                   | NCLB193014                          | 7/1/13-6/30/14  | 35,352          | 3,535                               |                                  | 3,535            |                           |                                     |                                  |
| Title II, Part A                                                           | 84.367A                   | NCLB193015                          | 7/1/14-6/30/15  | 12,363          |                                     |                                  | 9,686            | (9,686)                   |                                     |                                  |
| Title II, Part A- Carryover                                                | 84.367A                   | NCLB193014                          | 7/1/13-6/30/14  | 10,111          | 526                                 |                                  | 2,521            | (1,995)                   |                                     |                                  |
| Total Special Revenue Fund                                                 |                           |                                     |                 |                 | 18,114                              |                                  | 125,585          | (117,288)                 | 9,817                               |                                  |
| Total U.S. Department of Education                                         |                           |                                     |                 |                 | 18,114                              |                                  | 125,585          | (117,288)                 | 9,817                               |                                  |
| U.S. Department of Agriculture:                                            |                           |                                     |                 |                 |                                     |                                  |                  |                           |                                     |                                  |
| Passed-through State Department of Agriculture:                            |                           |                                     |                 |                 |                                     |                                  |                  |                           |                                     |                                  |
| Child Nutrition Cluster:                                                   |                           |                                     |                 |                 |                                     |                                  |                  |                           |                                     |                                  |
| Food Distribution Program                                                  | 10.555                    | N/A                                 | 7/1/13-6/30/14  | 8,298           |                                     | \$ 444                           |                  | (444)                     |                                     |                                  |
| School Breakfast Program                                                   | 10.553                    | N/A                                 | 7/1/13-6/30/14  | 1,912           | 152                                 |                                  | 152              |                           |                                     |                                  |
| National School Lunch Program                                              | 10.555                    | N/A                                 | 7/1/13-6/30/14  | 32,415          | 2,316                               |                                  | 2,316            |                           |                                     |                                  |
| Food Distribution Program                                                  | 10.555                    | N/A                                 | 7/1/14-6/30/15  | 10,398          |                                     |                                  | 10,398           | (9,964)                   |                                     | \$ 434                           |
| School Breakfast Program                                                   | 10.553                    | N/A                                 | 7/1/14-6/30/15  | 1,540           |                                     |                                  | 1,370            | (1,540)                   | 170                                 |                                  |
| National School Lunch Program                                              | 10.555                    | N/A                                 | 7/1/14-6/30/15  | 33,987          |                                     |                                  | 30,744           | (33,987)                  | 3,243                               |                                  |
| Total Child Nutrition Cluster - Total U.S. Department of Agriculture       |                           |                                     |                 |                 | 2,468                               | 444                              | 44,980           | (45,935)                  | 3,413                               | 434                              |

HAMBURG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass Through<br>Grantor Program/Cluster Title | Federal<br>CFDA<br>Number | Grant or<br>State Project<br>Number | Grant<br>Period | Award<br>Amount | Balance at June 30, 2014            |                                  |                  | Balance at June 30, 2015  |                                     |                                  |                   |
|---------------------------------------------------------------|---------------------------|-------------------------------------|-----------------|-----------------|-------------------------------------|----------------------------------|------------------|---------------------------|-------------------------------------|----------------------------------|-------------------|
|                                                               |                           |                                     |                 |                 | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Unearned<br>Revenue | Cash<br>Received | Budgetary<br>Expenditures | Budgetary<br>Accounts<br>Receivable | Budgetary<br>Unearned<br>Revenue | Due to<br>Grantor |
| U.S. Department of Health and Human Services:                 |                           |                                     |                 |                 |                                     |                                  |                  |                           |                                     |                                  |                   |
| Passed-Through State Department of Human Services:            |                           |                                     |                 |                 |                                     |                                  |                  |                           |                                     |                                  |                   |
| Medicaid Assistance Program                                   | 93.778                    | N/A                                 | 7/1/13-6/30/14  | \$ 10,664       |                                     |                                  | \$ 10,664        | \$ (10,664)               |                                     |                                  |                   |
| Medicaid Assistance Program-SEMI/ARRA                         | 93.778                    | N/A                                 | 7/1/14-6/30/15  | 3,624           |                                     |                                  | 3,624            | (3,624)                   |                                     |                                  |                   |
| Total U.S. Department of Health and Human Services            |                           |                                     |                 |                 |                                     |                                  | 14,288           | (14,288)                  |                                     |                                  |                   |
| Total Federal Awards                                          |                           |                                     |                 |                 | \$ 20,582                           | \$ 444                           | \$ 184,853       | \$(177,511)               | \$ 13,230                           | \$ 434                           | \$ - 0 -          |

N/A - Information is not available/applicable.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

HAMBURG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| State Grantor/Program Title                   | Grant or State Project Number | Grant Period     | Award Amount | Balance June 30, 2014         |               | Budgetary Expenditures | Balance June 30, 2015    |                               | MEMO                          |            |
|-----------------------------------------------|-------------------------------|------------------|--------------|-------------------------------|---------------|------------------------|--------------------------|-------------------------------|-------------------------------|------------|
|                                               |                               |                  |              | Budgetary Accounts Receivable | Cash Received |                        | GAAP Accounts Receivable | Budgetary Accounts Receivable | Cumulative Total Expenditures |            |
| New Jersey Department of Education            |                               |                  |              |                               |               |                        |                          |                               |                               |            |
| General Fund:                                 |                               |                  |              |                               |               |                        |                          |                               |                               |            |
| Equalization Aid                              | 14-495-034-5120-078           | 7/1/13 - 6/30/14 | \$ 749,282   | \$ 73,809                     | \$ 73,809     |                        |                          |                               |                               | \$ 749,282 |
| Special Education Aid                         | 14-495-034-5120-089           | 7/1/13 - 6/30/14 | 146,403      | 14,422                        | 14,422        |                        |                          |                               |                               | 146,403    |
| Security Aid                                  | 14-495-034-5120-084           | 7/1/13 - 6/30/14 | 29,907       | 2,946                         | 2,946         |                        |                          |                               |                               | 29,907     |
| Adjustment Aid                                | 14-495-034-5120-085           | 7/1/13 - 6/30/14 | 646,919      | 63,726                        | 63,726        |                        |                          |                               |                               | 646,919    |
| Extraordinary Aid                             | 14-100-034-5120-473           | 7/1/13 - 6/30/14 | 21,445       | 21,223                        | 21,445        | \$ (222)               |                          |                               |                               | 21,445     |
| Transportation Aid                            | 14-495-034-5120-014           | 7/1/13 - 6/30/14 | 45,755       | 4,507                         | 4,507         |                        |                          |                               |                               | 45,755     |
| Non Public Transportation                     | 14-495-034-5120-014           | 7/1/13 - 6/30/14 | 2,825        | 2,825                         | 2,825         |                        |                          |                               |                               | 2,825      |
| Equalization Aid                              | 15-495-034-5120-078           | 7/1/14 - 6/30/15 | 749,282      |                               | 675,469       | (749,282)              |                          | \$ 73,813                     |                               | 749,282    |
| Special Education Aid                         | 15-495-034-5120-089           | 7/1/14 - 6/30/15 | 146,403      |                               | 131,981       | (146,403)              |                          |                               | 14,422                        | 146,403    |
| Security Aid                                  | 15-495-034-5120-084           | 7/1/14 - 6/30/15 | 29,907       |                               | 26,961        | (29,907)               |                          |                               | 2,946                         | 29,907     |
| Adjustment Aid                                | 15-495-034-5120-085           | 7/1/14 - 6/30/15 | 646,919      |                               | 583,190       | (646,919)              |                          |                               | 63,729                        | 646,919    |
| Extraordinary Aid                             | 15-100-034-5120-473           | 7/1/14 - 6/30/15 | 5,078        |                               |               | (5,078)                | \$ 5,078                 |                               | 5,078                         | 5,078      |
| Transportation Aid                            | 15-495-034-5120-014           | 7/1/14 - 6/30/15 | 45,755       |                               | 41,247        | (45,755)               |                          |                               | 4,508                         | 45,755     |
| Non Public Transportation                     | 15-495-034-5120-014           | 7/1/14 - 6/30/15 | 3,114        |                               |               | (3,114)                | 3,114                    |                               | 3,114                         | 3,114      |
| Per Pupil Growth Aid                          | 15-495-034-5120-097           | 7/1/14 - 6/30/15 | 2,820        |                               | 2,542         | (2,820)                |                          |                               | 278                           | 2,820      |
| PARCC Readiness Aid                           | 15-495-034-5120-098           | 7/1/14 - 6/30/15 | 2,820        |                               | 2,542         | (2,820)                |                          |                               | 278                           | 2,820      |
| Reimbursed TPAF Social Security Contributions | 15-495-034-5095-002           | 7/1/14 - 6/30/15 | 168,125      |                               | 168,125       | (168,125)              |                          |                               |                               | 168,125    |
| Total General Fund State Aid                  |                               |                  |              |                               | 183,458       | 1,815,737              | (1,800,445)              | 8,192                         | 168,166                       | 3,442,759  |
| Enterprise Fund:                              |                               |                  |              |                               |               |                        |                          |                               |                               |            |
| State School Lunch Program                    | 14-100-010-3350-023           | 9/1/13 - 6/30/14 | 1,235        | 86                            | 86            |                        |                          |                               |                               | 1,235      |
| State School Lunch Program                    | 15-100-010-3350-023           | 9/1/14 - 6/30/15 | 1,241        |                               | 1,129         | (1,241)                | 112                      |                               | 112                           | 1,241      |
| Total Enterprise Fund                         |                               |                  |              |                               | 86            | 1,215                  | (1,241)                  | 112                           | 112                           | 2,476      |
| Total State Awards                            |                               |                  |              | \$ 183,544                    | \$ 1,816,952  | \$ (1,801,686)         | \$ 8,304                 | \$ 168,278                    | \$ 3,445,235                  |            |

N/A - Information is not available/applicable.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of the Hamburg Borough School District Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in Federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior and current fiscal years, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final payments for the prior year are recognized in the current year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$564) for the General Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. The schedule of expenditures of state awards does not include the TPAF Pension Contribution and Post-Retirement Medical contributions paid by the State on behalf of the District of \$123,672 and \$196,329, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

HAMBURG BOROUGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

|                      | <u>Federal</u>    | <u>State</u>        | <u>Total</u>        |
|----------------------|-------------------|---------------------|---------------------|
| General Fund         | \$ 14,288         | \$ 2,119,882        | \$ 2,134,170        |
| Special Revenue Fund | 117,288           |                     | 117,288             |
| Food Service Fund    | 45,935            | 1,241               | 47,176              |
|                      | <u>\$ 177,511</u> | <u>\$ 2,121,123</u> | <u>\$ 2,298,634</u> |

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

HAMBURG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2015 as grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

|                           | State<br>Grant Number | Grant Period   | Award<br>Amount | Budgetary<br>Expenditures |
|---------------------------|-----------------------|----------------|-----------------|---------------------------|
| <u>State Aid - Public</u> |                       |                |                 |                           |
| Equalization Aid          | 15-495-034-5120-078   | 7/1/14-6/30/15 | \$ 749,282      | \$ 749,282                |
| Special Education Aid     | 15-495-034-5120-089   | 7/1/14-6/30/15 | 146,403         | 146,403                   |
| Security Aid              | 15-495-034-5120-084   | 7/1/14-6/30/15 | 29,907          | 29,907                    |
| Adjustment Aid            | 15-495-034-5120-085   | 7/1/14-6/30/15 | 646,919         | 646,919                   |
| Per Pupil Growth Aid      | 15-495-034-5120-097   | 7/1/14-6/30/15 | 2,820           | 2,820                     |
| PARCC Readiness Aid       | 15-495-034-5120-098   | 7/1/14-6/30/15 | 2,820           | 2,820                     |

- The threshold for distinguishing between Type A and Type B state programs was \$300,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

HAMBURG BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal circular and New Jersey's OMB Circulars 04-04 and 15-08.

HAMBURG BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year audit findings.